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Inquiries should be addressed to
REFERENCE DIVISION
CENTRAL OFFICE OF INFORMATION
HERCULES ROAD
WESTMINSTER BRIDGE ROAD
LONDON SE1 7DU

Telephone
Editorial 01-928 2345 ext 440
Distribution 01-928 2345 exts 8166/8169

CORRECTION

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British Council. Page 37:

Column 2, thirteenth line from foot,
or '37 libraries' substitute '137 libraries'.

GOVERNMENT AND ADMINISTRATION

Northern Ireland

GARDINER COMMITTEE REPORT

The report of the committee set up in April 1974 by the Secretary of State for Northern Ireland under the chairmanship of Lord Gardiner (Lord Chancellor from 1964 to 1970) to consider the problems of terrorism and subversion in Northern Ireland (see p 107, 1974) was published on 30 January.

In the course of its deliberations the committee, whose work was concerned primarily with the law, studied 157 memoranda and heard 97 witnesses. The report, which was signed by all seven members of the committee[1] subject to one reservation, covers general considerations about the present security and political situation in Northern Ireland; trial procedures; existing and proposed offences; powers of the security forces; prison accommodation and special category prisoners; and detention. In all, 47 recommendations were made.

General Considerations

After reviewing the current situation in Northern Ireland the committee pointed out that 'political dissent is as old as political society' – the new factor was the effectiveness of the weapons its more extreme proponents could command. Terrorism was probably more widespread in both the industrial and developing world than at any other time in recent history. There were a number of reasons for this, which included the relative ease with which arms, money and terrorist skills could cross frontiers, the effect of mass communications in both facilitating and glamourising violence, and above all the vulnerability of complex industrial societies. But 'the greater ease with which terrorism can be organised does not legitimise it'. The committee believed that the rule of law had to be maintained in Northern Ireland, not only for the sake of its own people, but for the sake of all those in the United Kingdom and beyond who wanted freedom and peace instead of anarchy.

The British Government, said the committee, had acted legitimately and consistently with the terms of the European Convention for the Protection of Human Rights and Fundamental Freedoms in restricting certain normal safeguards for the liberty of the individual since, where freedoms conflicted, the State had a duty to protect those who needed protection. Nevertheless, the continued existence of emergency powers ought to be limited both in scope and duration, first, because, if prolonged, they could damage the fabric of the community, and secondly, because they did not provide a lasting solution.

The committee reported that while shooting and bombing remained high by any standards, they had been much reduced over the last three years. On the political front, on the other hand, progress had been erratic. The fact remained, however, that a solution of the problems of Northern Ireland would have to be worked out in political terms, which should include additional measures to promote social justice between classes and communities, for instance, the implementation of the recommendations of the working party on discrimination in the private sector of employment (see p 269, 1973); further improvements in housing; and a new and more positive approach to community relations. Consideration, the committee proposed, should be given to the enactment of a Bill of Rights.

Trial Procedures

On the question of trial by jury the committee concluded that although this was the best form of trial in serious cases and should be restored in Northern Ireland as soon as this became possible, there were objections to its restoration now. There had, for instance, been convincing evidence that if juries were to be reintroduced for trials of scheduled offences (see footnote 1, p 7, 1973) their verdicts would be subject to the influences of intimidation, or the fear of it. The new system of non-jury trials had worked fairly and well, the right to a fair trial had been maintained, and the administration of justice had not suffered. The committee recommended therefore, that, for the present, non-jury courts should continue in their present form. They proposed, however, that there should be a few modifications in other trial procedures introduced by the Northern Ireland (Emergency Provisions) Act 1973, including those relating to the granting of bail, the admissibility of evidence and the onus of proof.

[1] In addition to Lord Gardiner, the members of the committee were: the Rt Hon the Lord MacDermott, MC, His Honour J. P. Higgins, QC, Dr J. H. Whyte, Professor Alastair Buchan, CBE, Professor Kathleen Jones, and Michael Morland, Esq, QC. The first three were members from Northern Ireland.

Existing and Proposed Offences

The committee pointed out that many of the most dangerous terrorists did not themselves commit specific offences, but were responsible for directing, organising, training or recruiting others to commit acts of terrorism. Such people could be indicted, if the evidence were available, for conspiracy at common law, but this crime was difficult to prove and often involved intricate questions of law; as a rule the only way of dealing with them was by the detention procedure. So that they could be prosecuted the committee recommended that a new offence of being concerned in terrorism should be created in the following terms: 'Any person who is concerned in the commission or attempted commission of any act of terrorism or in directing, organising, training or recruiting persons for the purpose of terrorism shall be liable on conviction on indictment to imprisonment for a term not exceeding 15 years.' It also recommended that there should be a new summary offence of being disguised in a public or open place or in the vicinity of a dwelling house, and that the definition of 'terrorism' in the 1973 Act should be amended to include the use of violence for sectarian as well as for political ends.

The committee further considered that interviews on television and radio and the practice of some newspapers in accepting advertisements from paramilitary groups might provide propaganda platforms for those whose aim was the violent overthrow of lawful government. While there could be no question of introducing censorship in a free society in time of peace, the committee recommended that it be made a summary offence for editors, printers and publishers of newspapers to publish anything which purported to be an advertisement for an illegal organisation. It also suggested that the Governors of the British Broadcasting Corporation (BBC) and the Independent Broadcasting Authority (IBA) should re-examine the guidance they gave to programme controllers or companies about contact with terrorist organisations and the reporting of their views and activities.

Powers of the Security Forces

The committee reported that until the Royal Ulster Constabulary (RUC) was accepted and reinforced by the minority community the Army would have to continue to carry out policing duties very much as at present, and that the existing powers of arrest and search provided for in the 1973 Act should be retained with a few minor additions. It also strongly recommended that studies of such matters as the regulation of cross-border vehicular traffic, the control of motor vehicles, and the control of explosive material should be pursued thoroughly and urgently and that proposals for stricter criteria in regard to the control of firearms should be implemented as soon as possible – where necessary by legislation.

With regard to the police, the committee emphasised that the acceptance of the RUC throughout the whole of Northern Ireland would make a very important contribution to the restoration of order. It found that existing procedures for investigating complaints against the police were already more thorough than anywhere else in the United Kingdom, and it was satisfied that complaints made in the proper quarter were fully investigated. At the same time the committee could well understand lack of public confidence in a system in which the police were responsible for investigating complaints against themselves, and it believed that the introduction of an independent system of investigation would be a desirable step. It therefore recommended the establishment of a system of this type, and also suggested that consideration should be given to extending the new procedure to complaints against the Army.

Prison Accommodation and Special Category Prisoners

The committee reported that the prison system of Northern Ireland, which was inevitably under considerable strain (the prison population having risen from 727 at the beginning of 1968 to 2,848 at end November 1974) was failing to fulfil adequately its important role in the maintainance of law and order. Referring to the Maze and Magilligan prisons (temporary prisons of the compound type established to meet the present emergency) the committee said that prisons of this type were 'thoroughly unsatisfactory from every point of view', their major disadvantages being that there was virtually a total loss of disciplinary control by the prison authorities inside the compounds and that rehabilitation work was impossible. Improvements urged by the committee included recommendations (a) that the Government should find suitable sites on which to begin construction immediately of both the temporary cellular prison for 700 and the permanent prison for 400-500 for which plans had already been announced, (b) that detainees should be kept in a completely separate prison (instead of, as at present, in similar conditions and in the same prison as special category prisoners) and that a new temporary prison for this purpose should be constructed by the quickest possible means, (c) that urgent steps should be taken to house young prisoners more suitably and to provide proper training, (d) that the design of prison compounds should be modified to improve internal security and their size considerably reduced, and (e) that greater efforts should be made to increase prison staff by reviewing rates of pay and allowances and raising special grants and allowances to attract experienced officers from Great Britain.

The introduction of special category status for certain convicted prisoners in June 1972 (which in practice has meant that any convicted criminal sentenced to more than nine months' imprisonment who claims political motivation and who is acceptable to a compound leader at the Maze or Magilligan prisons is accorded special status) had been, in the committee's opinion, 'a serious mistake' and should be brought to an end as soon as practicable. The committee contended that it should be made absolutely clear that special category prisoners could expect no amnesty and would have to serve their sentences.

Detention

After setting out the arguments for and against

detention the committee concluded that it could not remain as a long-term policy. In the short-term it might be effective as a means of containing violence, but its prolonged effects were ultimately inimical to community life, fanned a widespread sense of grievance and injustice, and obstructed those elements in Northern Ireland society which could lead to reconciliation. 'We would like', the committee said, 'to be able to recommend that the time has come to abolish detention; but the present level of violence, the risks of increased violence, and the difficulty of predicting events even a few months ahead make it impossible to put forward a precise recommendation on the timing. We think that this grave decision can only be made by the Government.'

The present quasi-judicial detention procedures (see pp 466, 1972 and 200, 1973) were, the committee considered, unsatisfactory, and the relevant provisions in the 1973 Act should be repealed. The sole responsibility for the detention of individuals should rest with the Secretary of State for Northern Ireland, who should be advised by a Detention Advisory Board whose function it should be to investigate each case within 28 days of the making of a provisional custody order. These investigations should be held in private; the detainees should have the right to appear before the board but not to be legally represented or to be present when other witnesses were being questioned; the board should submit a written report to the Secretary of State who would then be responsible for making a confirmed custody order or directing the detainee's release and delays should be kept to a minimum – any non-compliance with the time limits laid down entitling the detainee to automatic release.

The committee also recommended that a person should be detained only if his freedom would seriously endanger the general security of the public and that the 1973 Act should be amended accordingly.

As regards release procedures the committee considered that some positive attempt should be made to help people released from detention in re-settlement, and suggested that a small pre-release centre should be established where such people could be given assistance and that a major non-governmental organisation should be invited to mount a longer-term scheme of assistance to ex-detainees and their families in cases of special need. The sole responsibility for release should rest with the Secretary of State advised by a Release Advisory Committee, constituted for a particular session from a panel of members able to serve one or two days a week.

Government Response

The Secretary of State for Northern Ireland, Mr Merlyn Rees, said (in a written answer to a parliamentary question in the House of Commons – *Hansard*, 30.1.75, written answers, cols 287-8) that the report had raised a number of difficult and complex issues which the Government would have to consider in the light of the facts of violence in Northern Ireland, and that he would make a statement in due course giving the Government's views. There were, however, two points that he could make at once: first, that he agreed with the committee's conclusion that the ending of detention was a matter that only the Government could decide – he had already said (see p 5) that once he was satisfied that there was a genuine and sustained end of violence, he would progressively release all detainees; and secondly, that he shared the committee's view (as he had already made clear) that there should be no amnesty for convicted prisoners with the administrative status of special category.

On the question of the committee's recommendation that special category status should be ended, Mr Rees said that this raised many difficulties, and, as the report recognised, the availability of accommodation and facilities for work in prisons in Northern Ireland were crucial to the Government's reactions to this proposal. The recommendations on prison accommodation and in particular for additional cellular accommodation were being urgently considered in the light of the new prison programme for Northern Ireland which he had announced in November 1974.

Announcement of Referendum on European Community Membership

Once the outcome of the renegotiation of British membership of the European Community is known, a referendum will be held to enable the people of Britain to express their opinion as to whether the country should continue to be a member or should withdraw. Announcing this in the House of Commons on 23 January, the Prime Minister, Mr Harold Wilson, said that, provided the outcome of the renegotiation were known in time, the Government intended to hold the referendum not later than the end of June (*Hansard*, cols 1745-64).

The Government will decide upon its own recommendation to the country, whether for continued membership of the Community on the basis of the renegotiated terms, or for withdrawal. Its decision will be announced to Parliament, and will provide an opportunity for debate.

According to the Prime Minister, the circumstances of the referendum are unique, and the issue to be decided is one on which strong views have long been held which cross party lines. The Cabinet has therefore decided that if, when the time comes, there are members of the Government (including Cabinet ministers) who do not feel able to accept and support the Government's recommendation, whatever it might be, they will, once the recommendation has been announced, be free to support and speak in favour of a different conclusion in the referendum campaign.

The arrangements for the referendum will require the approval of legislation by Parliament, and the Government is soon to publish a White Paper on the technical methods of taking the vote. This will not

deal with the arguments for and against Community membership, but will set out proposals on the various possible courses on each issue and such matters as the form in which the question is to be put to the people; arrangements for conducting the poll, the counting of votes and the announcement of the result; the information policy of the Government during the referendum campaign; broadcasting arrangements; and the question of expenditure by campaigning groups. The Government will provide parliamentary time for a debate on the White Paper before the Easter recess, so that in drafting the legislation full account can be taken of the views of Parliament and public opinion generally. If the referendum is to be held before the end of June, the legislation will need to complete its passage by the end of May; the Government therefore proposes to introduce a Bill around Easter-time.

EXTERNAL AFFAIRS AND DEFENCE

European Community

Relations between the Community and the developing world were a focus of Community activity in January and early February. Agreement was reached on the text of a new convention covering trade, aid and co-operation links between the Nine and 46 African, Caribbean and Pacific countries, under which 22 Commonwealth countries will be brought into a new relationship with the Community. The convention includes provisions relating to the long-term import of Commonwealth sugar into the Community which for Britain replace the Commonwealth Sugar Agreement.

Agreement on the convention followed discussions on the Community's aid policy towards developing countries without institutional links with the Nine, such as those on the Indian sub-continent; and a decision on its second contribution to the United Nations emergency measures in aid of developing countries hardest hit by rises in import costs. These developments are examined in detail below.

Meanwhile, the Government has announced that the British people are to be consulted on the results of renegotiation by means of a referendum, if possible by the end of June (see p 49).

EEC-ACP Agreement

Agreement on the final elements of a new relationship between the Community and a major part of the developing world was reached at a ministerial meeting from 30 January to 1 February in Brussels.

The meeting marked the end of 15 months of negotiations on trade, aid and co-operation links between the Community and 46 countries from Africa, the Caribbean and the Pacific (the ACP countries), including 22 members of the Commonwealth and all the independent states of black Africa.[1]

The new agreement will be embodied in the Lomé Convention, named after the capital of Togo where it will be formally signed on 28 February. To last for five years, it replaces the Yaoundé Convention and the Arusha Agreement under which 22 of the developing countries have until now been associated with the original six members of the Community. The convention also brings a number of Commonwealth countries into a new partnership with the Community as a whole as a result of Britain's entry. Protocol 22 of the Treaty of Accession invited these so-called 'associable' Commonwealth countries, if they wished, to negotiate alongside the existing associated states a new convention to come into effect in 1975, which would embrace them all.

The new convention goes beyond the agreements it replaces in a number of respects including the dropping of the requirement for reciprocity, the provision for a system designed to stabilise earnings from the export of commodities of particular importance to the economies of the ACP countries, and in the introduction of industrial co-operation. It also includes provisions governing imports by the Nine of sugar produced by the mainly-Commonwealth ACP sugar exporters (see p 52). This issue was the last to be agreed and its settlement enabled the text of the convention as a whole to be finalised.

In addition, the new relationship marks the end of the concept of association with the Community. In a statement to the House of Commons (*Hansard*, 3.2.75, cols 945–52) the Minister for Overseas Development, Mrs Judith Hart, who represented Britain at the Brussels meeting, said: 'The concept of association is to be dropped. The new Convention will simply be known as the ACP/EEC Convention of Lomé. To some extent this is a symbolic change. But it reflects a new relationship, which replaces paternalism by co-operation.'

Mrs Hart said that a major concern for Britain in the negotiations had been the need to safeguard the interests of the Commonwealth countries concerned. She believed that 'our joint British and Commonwealth efforts have succeeded'. She added later that the new convention was a 'great advance' and was due to 'the maturity, sophistication and understanding of our Commonwealth member countries'. They had transformed a situation of paternalism and had 'made the relationship between the Community and the developing countries grow up'.

Mrs Hart said that 'The agreement has rightly been described as historic. In its detail, it embodies a new economic relationship between the developing countries concerned and the industrialised nations of the Community. It is my hope that it may in the longer term contribute towards a new international order in the relationships between industrialised and developing countries – for example, in influencing

[1] The 46 are: Mauritania, Mali, Senegal, Ivory Coast, Upper Volta, Niger, Dahomey, Togo, Cameroon, Chad, Central African Republic, Gabon, Congo, Zaire, Rwanda, Burundi, Malagasy Republic, Mauritius, Somalia, Tanzania, Uganda, Kenya, Nigeria, Ghana, Sierra Leone, The Gambia, Zambia, Malawi, Lesotho, Botswana, Swaziland, Jamaica, Trinidad and Tobago, Barbados, Guyana, the Bahamas, Grenada, Fiji, Tonga, Western Samoa, Ethiopia, Liberia, Sudan, Guinea, Equatorial Guinea, Guinea-Bissau.

the conclusions of the United Nations Conference on Trade and Development (UNCTAD) next year.'

The President of the Bureau of ACP Ministers, the Minister of Finance of Senegal, Mr Babacar Ba, described the agreement as 'revolutionary' when he appeared at a press conference on 1 February. He said that it had transformed the relationships of the countries involved. They had 'tried to solve their problems together and create a common economic entity'.

Under the new convention, there is to be tariff-free entry into the Community market for ACP industrial exports and almost all agricultural exports. Particular products of concern for some Commonwealth countries – for example, beef in the case of Botswana, Swaziland and Kenya, and white rum in the case of the Caribbean countries, as well as the question of sugar – are all safeguarded in the agreement.

There is no requirement in the convention for ACP reciprocity, except a provision for at least most-favoured-nation treatment for Community exports to the 46. 'The Community has thus taken a valuable major step away from the requirement for reverse preferences which was built into the previous convention, and towards the kind of trade relations for which UNCTAD has called', said Mrs Hart.

The new scheme for stabilising the earnings from the export of commodities of fundamental importance to the economies of the developing countries will apply to a number of products, including, for example, cocoa, cotton, coffee, copra and iron ore. Payments will be made from a special fund if earnings from the sale of a particular commodity fall below a certain percentage of the average for previous years, and if that commodity accounts for a significant proportion of total export earnings. For the least developed ACP countries, the percentage below which earnings must fall before they can receive payments from what has become known as the 'Stabex fund' is higher. They will also be exempt from refunding transfers from the fund when their foreign exchange earnings increase.

With regard to financial aid, agreement was reached that the European development fund (EDF) for the ACP countries should total approximately £1,600 million over the five years of the convention. This would include payments made under the Stabex scheme. In addition, a further £200 million will be available in the form of loans at concessional terms from the European Investment Bank.

Provision is also made in the convention for industrial co-operation between the Community and the ACP countries. This will involve assistance with, for example, industrial programmes, marketing, and industrial training.

The conclusion of the convention represents progress towards Britain's renegotiation objective of securing improved Community trade and aid arrangements with the Commonwealth and developing countries. Mrs Hart told the Commons that the achievement of this objective would also depend on negotiations on improving the Community's generalised system of tariff preferences, and on the outcome of her discussions with Community development ministers on the distribution of Community aid to those countries of the Indian sub-continent not party to the new convention (see p 53).

Sugar

Agreement on future imports into Britain and the rest of the Community of cane sugar from ACP sugar producers was reached in Brussels on 1 February.

Negotiations between the British Minister of Agriculture, Fisheries and Food, Mr Peart, and the Jamaican Minister of Trade, Mr P. J. Patterson, who represented the ACP sugar exporters, resulted in a settlement of the price that Britain will pay during 1975 for its sugar imports from those countries. This agreement made possible the successful conclusion of a second and related negotiation between the sugar producers and the European Commission, acting on behalf of the Community as a whole, on longer term trade relations between the ACP sugar exporters and the Nine.

The most important ACP sugar producers are members of the Commonwealth, and for Britain the new arrangements will replace the Commonwealth Sugar Agreement (CSA), which expired at the end of December.

Community ministers agreed in November last year (see pp 461–2) that during 1975, because of the high world price and shortage of sugar, Community members would be free to negotiate with producing countries the best price for sugar supplies. In the longer term, however, they agreed that the price paid for supplies from ACP exporters should be related to the price paid to producers of beet sugar in the Community.

Under the first agreement, sugar shipped to Britain in 1975 from ACP exporters will be purchased at £260 per ton c.i.f. Mr Peart told the House of Commons (*Hansard*, 3.2.75, cols 940–1) that special quotas had been negotiated for the period January–June 1975 and that about 380,000 tons should be available during this period. He said that, because the equalised price of sugar in Britain (see p 450, 1974) took account of the lower cost of home-produced beet sugar and sugar imported under the Community subsidy scheme (see p 53), retail prices in Britain should not be increased as a result of the agreement.

The negotiations between the Community and the sugar producers resulted in an agreement to allow access for up to 1·4 million tons annually of ACP sugar for an indefinite period, with the first full year beginning on 1 July. A basic minimum price guaranteed by the Community will be negotiated annually within the price range obtaining in the Community, and will take into account all relevant economic factors. However, a supplement to this basic price, negotiated by sellers and buyers, would be payable if market conditions made this necessary.

Mr Peart told the House that the settlement would greatly ease Britain's supply difficulties this year. 'More important, it fulfils entirely the assurances given to the Commonwealth developing countries. They can now send, if they choose, a full 1·4 million tons for the indefinite future; and at no time will they get a price below the range of Community prices. This agreement gives them the security they need; and it gives us the promise of a continued

supply of cane sugar for our refineries and for the British consumer.'

The agreement on the Community's long-term cane sugar imports followed a decision by Community agriculture ministers to subsidise the import of a further 300,000 tonnes of sugar under its short-term scheme to make adequate supplies available to member states at Community prices (see pp 420–1, 1974).

At their meeting in Brussels on 20–21 January, the ministers agreed that the 200,000 tonnes of this total which is to be imported immediately should be made available at £181 per ton for refined sugar.

Of the 200,000 tonnes imported under the first stage of the subsidy scheme which operated for the three months from October last year, Britain received some 155,000 tonnes.

Development Aid

Proposals for a new Community aid policy based on the criterion of need and applicable on a world-wide basis were examined by Community development ministers meeting in Brussels on 22 January.

Firm decisions regarding aid to countries other than the 46 members of the ACP group are expected to be taken in March on the basis of the Commission's suggestions for a new aid framework.

In the context of renegotiation, Britain has pressed for the distribution of financial aid to developing countries with no institutional links with the Community, in addition to those in Africa, the Caribbean and the Pacific which possess these links. In earlier meetings of Community development ministers, the British Minister for Overseas Development, Mrs Judith Hart, has stressed that the principle of need should cover disbursements and that there should be an approximately equal division of Community aid between the two groups of developing countries (see pp 156–7 and 311, 1974) The Commission's proposals for a new aid framework were presented at Mrs Hart's suggestion.

Mrs Hart described the proposals – generally referred to as the 'fresco' paper – as a helpful attempt to spell out the elements necessary for an overall aid policy which was both world-wide in scope and application and suffiently responsive to the differing needs of individual developing countries or groups of countries.

Britain has presented its Community partners with suggestions regarding the types and amounts of additional aid to non-associates that it believes appropriate.

UN Emergency Aid

A second Community contribution has been made to the United Nations' emergency measures to assist developing countries hardest hit by rises in the price of oil and other commodities.

Community development ministers at their January meeting agreed to release a further sum of $100 million from the Community budget. This follows the donation in October last year of $150 million of the maximum of $500 million offered by the Community in June (see p 312, 1974).

In a statement to the House of Commons (*Hansard*, 28.1.75, cols 214–21), Mrs Hart described this second contribution as 'disappointing'. Britain has pressed for the release of the whole of the $500 million, and, together with a majority of the members of the Community, has argued that this total should not include national contributions but should be financed wholly from the Community budget.

Mrs Hart told the House: 'There will be no further direct Community contribution unless, by June, it is apparent that the total of the $250 million from the Community, some on-going food aid, and bilateral contributions reported directly to the United Nations by individual member states do not amount to $500 million. That is, in my view, highly unlikely'.

She added that she was sure that it would be generally agreed that 'in the circumstances of the developing world this year, we must now do all we can independently'.

Accordingly, Britain is to make a further bilateral contribution to the emergency measures. An additional £20 million is to be given as direct help to India; a further £5 million is to be contributed to the World Food Programme, and will be directed principally to Bangladesh; and an additional £5 million will be paid into the United Nations special account for the hardest-hit countries.

These payments are in addition to approximately £40 million that Britain has already contributed to the emergency operation bilaterally. With the addition of the £13 million which is Britain's contribution to the payments made from the Community budget, Britain's total assistance under the UN measures amounts to some £83 million ($200 million).

North America: Prime Minister's Visit

The British Prime Minister, Mr Harold Wilson, visited Canada and the United States from 28 January to 1 February. He was accompanied by the Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, and Mr Harold Lever, Chancellor of the Duchy of Lancaster, as well as by senior officials. Mr Wilson had talks with the Canadian Prime Minister, Mr Pierre Trudeau, in Ottawa on 29 January. After the talks Mr Wilson told a press conference in Ottawa that the discussions between the two leaders had covered world economic issues, including inflation and unemployment; energy problems and recycling; and European Community matters, among which was the question of a special Canadian arrangement. The latter topic was also discussed by Mr Callaghan and Mr Maceachan, the Canadian Minister for External Affairs.

Talks with President Ford

On 30 January, Mr Wilson began two days of talks with President Ford in Washington. It is understood

that much of the first day was occupied by talks on world energy problems; on 31 January talks centred on the situation in the Middle East. Also present at the discussions were Mr Callaghan and Dr Kissinger, the United States Secretary of State. Among other subjects discussed during the two days were the conference on security and co-operation in Europe and the situation in Cyprus. Mr Callaghan took the opportunity to brief Dr Kissinger on his recent visit to seven African countries, with particular reference to Rhodesia (see p 56). Talks were also held between Mr Lever and State Department and Treasury officials on the topic of the British Government's proposed participation in oil extracted by private companies, principally American, in the North Sea (see pp 279-80, 475-6, 1974).

The two days of discussions were, in Mr Wilson's words, 'relaxed, concentrated, and thoroughly practical'. The Prime Minister underlined that his talks with President Ford on world energy problems were wide-ranging and fruitful, and covered both the international means of dealing with these issues and the domestic problems of their two countries. It is understood that the President and the Prime Minister considered the need for preparation in the approach to an oil producer/consumer conference. While in Washington, Mr Wilson addressed the National Press Club on 31 January, referring particularly to Britain's approach to world energy and economic problems (see p 64).

Commenting on the Middle East discussion, Mr Wilson told a press gathering on 31 January that 'We have given our full support to the Secretary of State in his step-by-step approach. We shall continue to do so.' He said that Britain had very close relations with Israel, and very close and improving relations with Israel's neighbours within the Arab world. He added 'I believe that patient and statesmanlike efforts have been made by the United States Government, and these we should back and shall continue to do so.'

Speaking at a State dinner on 31 January, the Prime Minister said that one of the great strengths of the Anglo-American connection was that 'there is so much that just does not need to be said between us. It is all taken for granted.' He continued 'I cannot recall a time when our relationship was so close, our understanding so deep as it is at this time.'

United Nations

At the end of their visit to Washington, Mr Wilson and Mr Callaghan called on the UN Secretary-General, Dr Kurt Waldheim, in New York on 1 February. Speaking to reporters afterwards, Mr Wilson described their discussions as thorough and very helpful. They included talks on the present Middle East situation and the prospects for the future. They also discussed Cyprus where, Mr Wilson said, 'we believe that the initiative taken by the United Nations last summer (see pp 307-9, 1974) and autumn is of fundamental importance for guiding relations there for the future'. The talks also embraced a number of general matters facing the UN, with particular attention being paid to the economic problems facing the world. These exchanges reflected concern for the plight of those developing countries hardest hit by the unequal effects of the world's current economic difficulties.

Fisheries

AGREEMENT WITH NORWAY

Following an Exchange of Notes on 30 January the Government of Norway announced on 31 January the establishment of three non-trawling zones off the northern coast of Norway, beyond the 12-mile fisheries limits.

In October 1974 Norway proposed the establishment of four trawler-free zones from which trawlers of all nations would be excluded during the winter months. The agreement reached in London on 21 January between the Governments of Norway, Britain, France and the Federal Republic of Germany was the result of discussions held in London in October and November 1974, and in Oslo in January.

The three zones will be closed to trawlers for five months each year. The actual location of the zones, agreed jointly by the four Governments, has not been revealed. Each Government will be responsible for its own vessels and have powers to prosecute those of its vessels which contravene the regulations. It was also agreed that Norway would, as in the enforcement scheme for the North-East Atlantic Fisheries Commission, have the right to stop and inspect vessels suspected of contravening the agreement. If it is believed that these vessels are in fact in contravention of the agreement they can be requested to leave the area and be reported to the Governments concerned.

At a press conference on 21 January Mr David Ennals, Minister of State for Foreign and Commonwealth Affairs, said that in his opinion there would be a 'modest reduction' in the total catch of British fishermen. However, the recent agreement reached by the North-East Atlantic Fisheries Commission (see below) would, he said, 'give to our fishing industry opportunities of developing their catch in areas other than the trawler-free zones'.

ARCTO-NORWEGIAN COD AGREEMENT

A quota system for catches of Arcto-Norwegian cod in the north-east Arctic in 1975 was agreed at a special meeting of the North-East Atlantic Fisheries Commission, held in Bergen from 13 to 15 January. The meeting was attended by delegations from 14 Contracting States – Belgium, Denmark, France, the German Democratic Republic, the Federal Republic of Germany, the Irish Republic, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, the Soviet Union and Britain. The Governments of Canada, Italy, and the United States, the European Economic Community, the International Council for the Exploration of the Sea and the Food and Agriculture Organisation of the United Nations were represented by observers.

The allocations agreed for each country were as follows:

	metric tons
Denmark (Faroe)	11,000
France	30,500
German Democratic Republic	10,000
Federal Republic of Germany	29,500
Norway	305,000

Poland	7,000
Portugal	7,000
Spain	7,000
Britain	98,000
Soviet Union	305,000

In addition Belgium, Iceland, the Irish Republic, the Netherlands and Sweden may each catch a maximum of 500 metric tons during 1975.

The commission agreed that 40,000 metric tons, representing an estimated average annual catch, of coastal cod (deemed to be a separate stock) should be added to the Norwegian quota. The amount of coastal cod to be added to the Soviet Union's quota is to be determined later.

The commission further agreed that where a national quota is filled before the end of the year the vessels of the Contracting State may continue to fish provided they are limited to fishing with gill nets, long lines or hand lines.

Developments in Africa

The problem of Rhodesia has continued to give rise to international efforts to assist in the process of finding a solution, both on the part of the British Government and governments in Africa most concerned with the issue (see pp 467-9, 1974). The British position on Rhodesia was set out by the Foreign and Commonwealth Secretary in a statement of 14 January, following his tour of six Commonwealth African countries and a visit to South Africa. The statement also dealt with Mr Callaghan's discussions in the countries visited and with an offer of additional aid to Kenya and Tanzania.

Within Rhodesia, the uniting of the African nationalist movements in December was followed by an agreement with the regime reached in Lusaka on 11 December. A subsequent conflict of the two sides' views on important provisions of the Lusaka Agreement has delayed negotiations. These have now been resumed, however, and nationalist leaders met Mr Smith in early February.

Elsewhere in Southern Africa, agreement has been reached between the Portuguese Government and the three Angolan liberation movements for Angola to obtain independence in November 1975. A transitional government for the territory has been inaugurated. Portugal has also agreed transitional arrangements for its island territories, the Cape Verde Islands and Sao Tomé and Príncipe.

RHODESIA

The Lusaka Declaration

The agreement between the Rhodesian nationalist movements to unite in a common organisation was an important step in facilitating discussion among Rhodesians themselves. The agreement, known as the Lusaka Declaration, has already been dealt with in brief (see p 469, 1974). Apart from recognition of the inevitability of the continued armed struggle, its main points concerned the process of unification in a common front. It was agreed that the Presidents of ZANU, ZAPU and Frolizi[1] should be included in the leadership of the African National Council (ANC) with Bishop Muzorewa as chairman. Each of the three leaders would appoint three others to join an enlarged ANC executive, which would 'prepare for any conference that may be called for the transfer of power to the majority'. After the merger of the movements' structures, a congress would be held within the next four months, at which the enlarged executive would adopt a revised constitution, elect a leadership and consider policy.

On 10 January the Liberation Committee of the Organisation of African Unity (OAU) was reported to have transferred its recognition of ZAPU and ZANU to the enlarged ANC.

The Lusaka Agreement

The Rhodesian nationalist leaders remained in Lusaka until 12 December; discussions involving the South African Government, and the Governments of Zambia, Tanzania and Botswana, were reported to have continued, and an agreement with the Rhodesian regime was announced by Mr Smith in a broadcast of 11 December. In it he spoke of the 'difficulties' described in his statement of 7 December (see p 469, 1974) as having 'now been resolved'. He had received assurances, firstly, 'to the effect that terrorist activities in Rhodesia will cease immediately', and secondly 'that the proposed constitutional conference will take place without any preconditions'. For his part, Mr Smith had 'agreed to release the African leaders from detention and restriction and their followers as well'. They would be 'permitted to engage in normal activity in terms of the laws applicable to all Rhodesians'. Mr Smith accepted that an immediate ceasefire 'may take some time . . . to be fully effective'.

A statement by the nationalist leaders, issued at their departure from Lusaka, declared their readiness 'without preconditions on both sides . . . to enter into immediate and meaningful negotiations with the leaders of the Rhodesian Front, and with the British Government . . . on the steps to be taken to achieve independence on the basis of majority rule'. Further, 'all freedom fighters will be instructed, as soon as a date for negotiations has been fixed, to suspend fighting'.

The agreement described in the above statements, known as the Lusaka Agreement, has not been issued as an agreed document, and it has subsequently given rise to conflicting interpretations which have hindered its implementation. A decision by the Rhodesian regime, reported on 10 January, halted the release of political detainees 'at present', alleging failure by 'terrorists' to observe the agreed ceasefire and an increase of 'terrorism' in some areas. In its turn, the ANC executive committee on 12 January criticised the regime's handling of the ceasefire, and also claimed that the ceasefire agreed had been an informal one, while a formal ceasefire was to await the announcement of a date for a constitutional conference and the start of 'meaningful dis-

[1]ZANU—Zimbabwe African National Union; ZAPU—Zimbabwe African People's Union; Frolizi—Front for the Liberation of Zimbabwe.

cussions'. The ANC also claimed that eight conditions had been agreed at Lusaka by the regime, all relating to freedom of political activities for Africans: until these were met, it would not be in a position to attend a constitutional conference. In an interview published in a South African newspaper on 17 January, Mr Smith was reported as denying that the eight conditions existed, or that there had been any written agreement at Lusaka.

Statement by the Foreign and Commonwealth Secretary

The problem of Rhodesia occupied the greater part of Mr Callaghan's statement to the House of Commons (*Hansard*, 14.1.75, cols 189-93) on his return from visits to Zambia, Botswana, Malawi, Tanzania, Kenya and Nigeria. During his tour, from 31 December to 11 January, Mr Callaghan also visited South Africa for talks with the South African Prime Minister, Mr Vorster.

On the question of Rhodesia, the 'main topic' of the tour, Mr Callaghan said his first purpose had been 'to obtain a clear idea of the views of the countries I visited. This I have done.' His second aim had been 'to work out, to the greatest degree possible, a common policy with the African governments in order to take advantage of the recent important initiatives of Presidents Kaunda, Nyerere and Seretse Khama, as well as those of the Prime Minister of South Africa'. Here Mr Callaghan used President Nyerere's own words: 'Our policies are now converging'. 'I believe', he continued, 'there is today a greater degree of understanding between Britain and the African governments than at any time since UDI [Unilateral Declaration of Independence].'

Constitutional Conference

Mr Callaghan said that the three Presidents had urged him strongly to call a constitutional conference. It had been agreed after his visit to Zambia that Britain and Zambia would collaborate in determining the stages which should be followed in negotiations towards a solution of the Rhodesian problem, 'including the holding of a constitutional conference'. 'I am now in the process of considering', he went on, 'what these stages should be. There are complicated issues to be resolved, like the timing, venue and participation in any conference to ensure that if and when one does take place it has the best chance of success.'

Mr Callaghan emphasised the fragility of confidence in Southern Africa, 'and some of the events of the last few days have shown how easily the beginnings of mutual trust can be destroyed'. But the alternative to a peaceful settlement was 'an escalation of violence and guerrilla war, and the attitude among the governments I visited was that we must make every effort to overcome the obstacles and set-backs'.

Requirements for a Settlement

The Rhodesian problem could only be finally settled by a constitutional conference. Meantime there were two essential requirements, Mr Callaghan said, 'unless our efforts in this direction are to be wasted'.

The first requirement was for 'early progress . . . towards securing the observance of all the provisions of the agreement worked out in Lusaka last month between the representatives of the three Presidents, the South African Government, Mr Smith and the ANC. The differences of view about these provisions which have emerged in the last few days must be resolved quickly.'

The second, essential requirement was 'to keep the momentum going in order to pave the way for a successful constitutional conference. The now united ANC and Mr Smith should undertake direct exploratory talks.' The British Government would be ready 'to do anything which would contribute to a settlement consistent with the principles that we have laid down'. Both communities in Rhodesia now had 'the difficult task of re-thinking their roles'; and the ANC leaders would 'need to allay the fears and win the confidence of the European population so that they can look forward to a secure future in the new Rhodesia'.

Talks in South Africa

Mr Callaghan told the House of the visit to South Africa which he had decided to make following his talks in Zambia. His meeting with the South African Prime Minister had been 'welcomed as a useful step' by the governments of the other countries he had visited. 'I believe', he said, 'it is Mr Vorster's desire to see an agreed settlement between Europeans and Africans in Rhodesia and that he will lend his efforts to this end'. He had discussed with Mr Vorster ways of achieving this.

In the course of his exchanges with Mr Vorster, Mr Callaghan said he had 'made clear that we do not recognise the right of South African police to be operating on the borders of Rhodesia', and had 'urged him to withdraw them'. He understood that Mr Vorster would do so once he was satisfied that violence had ceased.[1]

Mr Callaghan had also informed Mr Vorster of the the British Government's changed policy on Namibia and the Simonstown Agreement (see pp 463-5, 1974), and they had had a short discussion on the question of apartheid.

Contacts with the Rhodesian Regime

In answer to questions following his statement (cols 193-200), Mr Callaghan told the then Leader of the Opposition, Mr Heath, that he had not yet been in touch with Mr Smith. It had been agreed when he was in Zambia that he 'should consider establishing some kind of contact', which 'of course . . . would be far short of diplomatic representation'. If, for example, exploratory talks began between the Africans and the Smith regime, 'there could be a case for an observer from this country being present in Salisbury'. He would consider getting in touch with Mr Smith about this.

[In a statement of 29 January (*Hansard*, cols 372-6), Mr Ennals, Minister of State at the Foreign and Commonwealth Office, said that Mr Callaghan had sent messages to Mr Smith and to Bishop Muzorewa. 'Mr Smith's reply says that a proposed visit to Salisbury by British officials would not be helpful at this stage. The ANC has not yet replied.' The Foreign and Commonwealth Secretary remained

[1]Following Mr Smith's broadcast address of 11 December, a statement by Mr Vorster was reported in which he gave an undertaking that 'as soon as it is confirmed and it is clear that terrorism has ended, South Africa will withdraw its police from Rhodesia'.

'in contact with the African leaders principally concerned'.]

Resumption of Talks in Rhodesia

While their differences over the Lusaka Agreement remained unresolved, talks between the two sides in Rhodesia were resumed on 20 January when a meeting was held between officials of the ANC and of the Rhodesian regime. This meeting was followed on 5 February by high-level discussions between Mr Smith and an ANC delegation led by Bishop Muzorewa. Neither the content nor the results of this meeting were made public. In the next few days meetings were reported to have been held in Tanzania and in Zambia between an ANC delegation and the Presidents of Botswana, Tanzania and Zambia, as well as the President of the Mozambique Liberation Front (Frelimo), to discuss the present stage of the efforts to achieve a peaceful settlement in Rhodesia.

COMMONWEALTH AFRICA

Visits by Foreign and Commonwealth Secretary

In his statement of 14 January, the Foreign and Commonwealth Secretary also gave details of his official visits to Zambia, Botswana, Malawi, Tanzania, Kenya and Nigeria, and his discussions in these countries on issues other than Rhodesia (*Hansard*, cols 189–90).

Issues discussed

In each country, Mr Callaghan said, he had 'full and useful discussions with heads of Government and many of their ministers'; and he linked 'the warm welcome given to [him]' with the strength of feeling for the Commonwealth in all six countries. Talks with all the heads of Government had covered the impact of world inflation, the prospects for the forthcoming Commonwealth Heads of Government Meeting, relations between the African countries and the European Community, and a number of bilateral issues. 'We were agreed', Mr Callaghan said, 'that [an agreement with the Community] would be beneficial to them' (see p 51).

Aid to Kenya and Tanzania

Since world inflation had had an especially severe impact in Kenya and Tanzania, Mr Callaghan said, offers of small additional loans on favourable terms had been made to these two countries. [The Ministry of Overseas Development has announced that each loan will be of £2·5 million, to help with balance of payments difficulties resulting from increased costs of oil imports, and will be for the purchase of certain categories of British goods.]

British-Nigerian Trade

Nigeria was in a special position, Mr Callaghan went on, because of its exploitation of its oil resources, and the opportunities for expanded trade between Britain and Nigeria were very great. The Secretary of State for Trade hoped to visit Nigeria in February to look into these matters, including the question of giving higher priority in Britain to 'this favourable and important market'.

PORTUGAL AND AFRICA

A further major step forward has been taken in Portugal's policy of achieving the negotiated independence of its African territories, with the making of agreements for the independence of Angola, the largest of the territories, Sao Tomé and Principe, and the Cape Verde Islands. These agreements follow the earlier independence of Guinea-Bissau, and the installation of a transitional government in Mozambique (see pp 346–7, 1974). Agreements have now been made for the transition to independence of all Portugal's remaining African territories.

Angola

Negotiations for an agreed transition to independence became possible when Angola's three liberation movements announced on 5 January their agreement on a common political platform for negotiations with Portugal. The agreement, reached at Mombasa under the auspices of President Kenyatta of Kenya, brought together the Popular Movement for the Liberation of Angola (MPLA), the National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA). The leaders of the three movements issued a Declaration of Principles, which included a pledge to safeguard the territorial integrity of Angola, and a final communiqué deciding to co-operate in all spheres. A peace communiqué between MPLA and FNLA was issued at the same time.

The Mombasa agreements led directly to negotiations between the Portuguese Government and the three movements, held in Portugal from 10 to 15 January. An accord was then signed by President Costa Gomes of Portugal and the Presidents of the movements: Dr Agostinho Neto of MPLA, Mr Holden Roberto of FNLA, and Dr Jonas Savimbi of UNITA. The agreement, *inter alia*, states Portugal's recognition of the three movements as the sole representatives of the Angolan people; reaffirms the territorial integrity of Angola, including Cabinda; formalises the *de facto* ceasefire already in force; provides for Angola's attainment of independence on 11 November 1975, and for the progressive transfer of power before independence to a transitional government.

Inauguration of the transitional government took place on 31 January. It comprises a three-man presidential council, representing each of the liberation movements, and a council of 12 ministers, appointed in equal numbers by each of the three movements and the Portuguese Government. Portugal's High Commissioner in Angola heads the National Defence Commission, where he has the casting vote. Unified Angolan armed forces are to be created by 30 September 1975. Thereafter their Portuguese component – half the total forces – will be progressively withdrawn by 29 February 1976. Elections to a constituent assembly will be held before independence, and the assembly will select the country's first president.

Island Territories

Independence is to be granted by Portugal on 5 July 1975 to the Cape Verde Islands, the group of islands lying west of Senegal. This decision was announced on 18 December by the Portuguese Minister for Inter-Territorial Co-ordination, at the installation of new High Commissioners in Sao Tomé and Príncipe and the Cape Verde Islands. The agreement for Cape Verde provides for a transitional government including ministers designated by PAIGC, the ruling party in Guinea-Bissau, which is recognised by the United Nations and the OAU as the legitimate representative of the people of the Cape Verde Islands. Elections to a constituent assembly are to be held on 30 June 1975, to prepare a constitution, and powers will be transferred by Portugal to the President of the Constituent Assembly on 5 July.

On 21 December a transitional government of Sao Tomé and Príncipe was sworn in by the new Portuguese High Commissioner. The two islands, situated in the Gulf of Guinea, form Portugal's smallest African territory.

Iran: Visit by the Secretary of State for Trade

The Secretary of State for Trade, Mr Peter Shore, visited Iran from 27 to 29 January for economic discussions with Iranian Ministers and to attend the third session of the Joint ministerial Economic Commission in Tehran. The results of his visit were outlined by Mr Shore in a statement in the House of Commons on 31 January (*Hansard*, cols 803–7).

The Joint Ministerial Economic Commission, of which Mr Shore and the Iranian Minister of Commerce, Mr Fereidoun Mahdavi, are the joint chairmen, was set up in March 1972 during a visit to Iran by the then Secretary of State for Trade and Industry, Mr John Davies. Its function is to identify and review from time to time areas of common interest in the furtherance of economic, commercial, technical and technological co-operation between Britain and Iran, and, in particular, to identify how they can best co-operate in the implementation of development plans and in facilitating bilateral and multilateral trade. The commission also seeks to facilitate direct negotiations between commercial and industrial bodies from the two countries and to promote joint ventures, joint manufacturing programmes and technological collaboration between such bodies.

Mr Shore's Statement

Mr Shore informed the House of Commons that his discussions with the Iranian Prime Minister and other Ministers had been 'markedly cordial and positive' and had resulted in the conclusion of a number of agreements which offered Britain valuable business and many new job opportunities. These included the establishment of a new programme of joint ventures between British and Iranian firms in the agricultural and industrial spheres; agreements covering a number of major new areas of co-operation, including railway electrification, housing, hospitals, distribution of goods and training; and a deal in which Britain would supply Iran with commercial ships. In addition, the Iranian Government had affirmed its intention that its national airline, Iranair, should be one of the first to operate *Concorde*. The two Governments had also agreed to examine possibilities for joint ventures not only in Iran but in Britain and third countries, to negotiate a double taxation agreement, and to hold a financial conference, which Britain's Chancellor of the Exchequer would attend, in Tehran in the spring.

The business agreements, Mr Shore explained in answer to a question, covered two categories – contracts which had been entered into and signed between British firms and Iranian partners, and, secondly, agreements between the two Governments that business would be placed with British firms. The value of the contracts, he added, would be at least £500 million, but this did not cover a number of deals in which it had been agreed that business should be steered towards British firms but in which no agreement had been reached as to the British partners. These included hospital and housing projects, both of which were potentially on a large scale.

At the end of his statement, Mr Shore, emphasised that Iran, with its ability to transform its oil wealth into major development of its industry, agriculture and infrastructure, represented a market of the first importance for Britain. Britain already enjoyed a strong position with a firm basis of economic and industrial partnership, and the Iranians were convinced of Britain's technological achievements and of its underlying industrial strength, reinforced by its imminent entry into the ranks of the oil producers. What was now needed, he concluded, was a vigorous response from British industry, both public and private sector.

British-Iranian Economic Relations

Iran possesses one of the fastest growing economies in the world, its development being largely financed by the revenues from its oil exports (Iran is the second largest exporter of oil in the world). These totalled some $3,300 million in 1973, while the 1974 figure is now expected, as a result of the increased price for oil, to be more than twice the $6,300 million originally envisaged in the Iranian budget. Crude oil production more than doubled between 1968 and 1973 to total some 293·8 million metric tons.

During Iran's fourth five-year development plan from 1968 to 1973, the economy's growth rate averaged 11·2 per cent annually and reached 14·7 per cent in 1972-73. The fifth five-year plan, introduced in March 1973, was originally aimed at achieving an average annual growth rate of 14 per cent for the period 1973-78, but since then the rapid rise in oil revenues has resulted in investment allocations under the plan being increased from the original $36,000 million to $69,000 million (about £29,700 million). The revised plan envisages that Iran's gross national product (GNP) will rise in real terms from $17,000

million in 1973-74 to $55,000 million in 1978-79, with average per capita income growing threefold from $555 to $1,520. During the current fiscal year a growth rate of 51 per cent is expected, compared with 34 per cent in 1973-74 and 16 per cent for the remaining years covered by the plan. As under the fourth development plan, considerable expenditure has been allocated to communications and infrastructure, oil and gas development and industry, including steel, copper-related industries and petrochemicals. At the same time, the plan attaches great importance to agricultural development, which has lagged behind projections, labour-intensive industries, and to a social welfare programme covering health, education, housing and other projects designed to pass a growing share of the benefits of Iran's progress to the mass of the people.

Iran's high rate of industrial growth, combined with a population now exceeding 32 million, makes it a most attractive export market for industrial countries, and it is the biggest market for industrial goods in the Middle East. Its expenditure on imports in 1973-74 totalled some $3,700 million, 31 per cent more than in the previous year, and an even greater increase is expected for 1974-75. Iran's main imports are industrial raw materials, especially steel, rubber, chemicals, cement, textile fibres and paper, industrial machinery and mechanical appliances, and transport equipment – all goods which Britain is ideally placed to supply. In 1974 Iran was Britain's largest export market in the Middle East, exports to Iran amounting to some £278·6 million, an increase of over £109 million over the 1973 figure. Iran's imports of iron and steel from Britain totalled £10·7 million, while textile imports amounted to over £7 million. British machinery and transport equipment exported to Iran totalled £143·3 million and included, particularly, electric power machinery, telecommunications equipment, passenger vehicles and spare parts for motor vehicles. The value of chemicals exported to Iran was £27·4 million. British imports from Iran totalled £513·3 million, of which oil imports accounted for all but £20 million.

Economic co-operation between Britain and Iran has developed strongly since the establishment of the Joint Ministerial Economic Commission. Discussions between the Iranian Minister of Commerce and British industrialists in Britain in June 1973, at the time of the commission's second meeting, were followed by further discussions at the Iran-Britain Investment Conference held in Persepolis in November 1973, and led to agreement to establish industrial joint venture projects in Iran worth some £250 million. British firms involved in these discussions included British Leyland, the British Steel Corporation, Imperial Metal Industries and British Industrial Plastics Ltd. Shortly after, in January 1974, Britain and Iran concluded an agreement whereby, in return for additional Iranian oil supplies, British companies were to export to Iran industrial products, including petrochemicals, synthetic fibres, synthetic rubber, paper, newsprint and steel, to the value of some £110 million (see p 61, 1974).

British Aid

Under its aid programme Britain provided Iran with some £2·42 million in the five years 1969-73, most of it in the form of technical assistance grants. British aid in 1973 totalled £432,000, of which £109,000 was for the education and training of Iranian students in Britain, £246,000 for the provision of experts to assist Iranian development, and £56,000 for the supply of equipment. At the end of 1973 there were 174 Iranian students and trainees studying in Britain at the expense of the British Government, while there were about 50 British-financed experts at post in Iran, most of them working in education. A number of these experts were recruited by the British Council, a body concerned with British educational aid, which also runs five libraries in Iran in Tehran, Isfahan, Meshed, Shiraz and Tabriz. Between them, these libraries issued 73,300 books to students, professional and other people in 1973. Iran also receives aid from Britain as a member of the Central Treaty Organisation (see pp 213–4, 1974).

Cyprus

The Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, made a statement on British policy towards Cyprus[1] in the House of Commons on 5 February (*Hansard*, cols 1374-6). He told the House that during his recent visit to the United States (see p 53) he had had separate discussions on Cyprus with the American Secretary of State and with Dr Waldheim, the UN Secretary-General.

It remained the view of the British Government, Mr Callaghan said, that 'at present and despite their slow progress, the talks between Mr Clerides and Mr Denktash[2] continue to provide the best chance of moving towards a settlement. The Government fully support these talks and hope that they will be pursued with a greater sense of urgency. A lasting settlement is most likely to be achieved if the Cypriots themselves agree upon the nature of a constitutional settlement.' In reply to a supplementary question, Mr Callaghan added 'We are anxious to play our part in the London and Zurich agreements when we think that the Clerides-Denktash talks cannot be carried any further. Although they seem to be in a position . . . of near stalemate, I do not think that we could usefully intervene in those discussions.'

'Our policy remains based on active support for the relevant resolutions of the United Nations Security Council and of the General Assembly,' the Foreign Secretary continued. 'I reaffirm that Her Majesty's Government will be ready to support any solution which is acceptable to both communities, and which maintains the sovereignty, independence and territorial integrity of Cyprus. I also reaffirm that, if it is the wish of the parties that we should assist in wider

[1] See pp 305–9, 1974, for the background to and development of the Cyprus crisis up to the collapse of the Geneva talks on 14 August 1974.

[2] Mr Clerides and Mr Denktash, representing the Greek and Turkish communities of Cyprus respectively, began talks on humanitarian problems resulting from the crisis in September 1974. On 17 January 1975 the talks were broadened to include substantive political questions.

negotiations to reach a settlement, we remain ready to do this or to help in any other forum.'

Mr Callaghan referred to the recent transfer to Turkey of Turkish Cypriot refugees from the Sovereign Base Area of Akrotiri.[1] Humanitarian considerations had been paramount in this decision. 'I was not willing to use these people as political pawns and I refute the suggestion that, by this decision, Her Majesty's Government have shown some change in our policy towards Cyprus. Some have even used it to argue that we support partition. This is untrue.'

Britain would do whatever it could to help the Greek Cypriot refugees. Britain had given over £1·5 million in relief aid to Cyprus, but no lasting solution could be found until there was a political settlement. Mr Callaghan emphasised that humanitarian considerations called for a move by Turkey to help the Greek Cypriot refugees, whose problems, by virtue of their numbers alone, were much greater than those of the Turkish Cypriots. Britain was also trying to obtain compensation for British subjects who had suffered losses in Cyprus.

Mr Callaghan concluded that the problems of Cyprus had never been easy to solve and a long-term settlement of the many humanitarian, social and political problems of the republic as a whole could only be found by some agreement between the two communities themselves. He was in continuing contact with Mr Clerides and Mr Denktash as well as with the Greek and Turkish Governments, and had urged on all of them the need for serious bilateral negotiations to be pursued without delay.

The Colombo Plan

CONSULTATIVE COMMITTEE MEETING

The Consultative Committee of the Colombo Plan, which is composed of ministerial representatives from member countries,[2] meets annually to review economic progress in the region and to assess its problems. The Colombo Plan was established in 1950 to provide a framework for a co-operative international effort to help the developing economies of South and South-East Asia. Technical co-operation under the plan is administered by the Colombo Plan Bureau.

The twenty-fourth meeting of the Consultative Committee took place in Singapore from 26 November to 5 December 1974. Following a series of meetings of officials, the ministerial conference was opened on 3 December by the Prime Minister of Singapore, Mr Lee Kuan Yew, and was attended by delegations from all the member countries. The Colombo Plan Bureau attended the meeting as a participating advisory body, while observers were present from the Federal Republic of Germany, the Commonwealth Secretariat, the Asian Development Bank, the Asian Productivity Organisation and the United Nations agencies with interests in the region. The British delegation was led by Mr John Grant, Parliamentary Secretary at the Ministry of Overseas Development.

Proceedings

The main topics discussed by the Consultative Committee were: the impact of recent world economic events upon the economies of Colombo Plan countries; the problems of urbanisation; and emergency food aid. On the last the committee recognised that the present situation called for immediate relief. It was necessary for developed countries to increase financial allocations for food aid, to avoid restrictions on exports of food grains and to provide food assistance through grants and soft loans. It was generally agreed, however, that there would be a long-term food crisis.

The most important decisions reached by the committee were to extend the Colombo Plan for a further period of five years with effect from 1 July 1976; and to request the host government of the next Consultative Committee meeting (Sri Lanka) to invite as observers the European Community, Norway, Sweden and several oil-producing states of the Gulf region.

It was agreed that the drug and population programmes should continue beyond 1974 and appreciation was expressed to the United States for its offer to provide the funds needed. The committee emphasised the need for co-ordination with other international agencies in the same fields.

The constitution of the Colombo Plan Staff College (see p 59, 1974) was approved, and the subject chosen as the special topic for discussion at the next Consultative Committee meeting was: 'the role of external assistance in increasing agricultural production and improving food distribution in the Colombo Plan area'.

TECHNICAL ASSISTANCE REPORT

The 1973-74 report of the Colombo Plan Bureau, *Technical Co-operation under the Colombo Plan*, was published in October 1974 in preparation for the Consultative Committee meeting. (While the report reviews progress to mid-1974, the statistical material, some of which is quoted below, relates to the calendar year 1973 and is incomplete, since figures for Malaysia and for technical equipment from Canada are not available.)

The report shows that total disbursements on technical assistance made by the main donor countries – Australia, Britain, Canada, Japan, New Zealand and the United States – from the plan's inception in 1950 to the end of 1973 amounted to $2,057·4 million. Of this total $1,025·2 million was spent on providing the services of experts and advisers from donor countries, $632·4 million was

[1] Britain announced on 15 January that it had agreed to a Turkish request to the transfer to Turkey of about 8,500 Turkish Cypriot refugees in the British Sovereign Base Area at Akrotiri. The transfer was completed by 27 January. Since then the refugees have been resettled in the Turkish-occupied northern region of Cyprus.

[2] Member countries are: Afghanistan, Australia, Bangladesh, Bhutan, Britain, Burma, Canada, Fiji, India, Indonesia, Iran, Japan, the Khmer Republic, South Korea, Laos, Malaysia, the Maldive Islands, Nepal, New Zealand, Pakistan, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Thailand, the United States and South Vietnam.

spent on the supply of technical equipment and $374·6 million was spent on training and student awards. Disbursements in 1973 totalled $202·7 million ($157 million in 1972), covering 8,555 new training and student places (including 663 within the region), 7,134 experts and consultants appointed to take up new assignments and $68·7 million worth of technical equipment.

The report notes that a significant proportion of people who have received training in developed countries under the Colombo Plan eventually migrate to those countries, a phenomenon thought likely to continue. The training fields that were given greatest emphasis in 1973 were agriculture and public administration.

The chief recipients of technical aid were South Vietnam, Thailand, Laos and Indonesia, with the first two of these accounting for nearly half of the total disbursed. Among the donors, the largest increases in spending on technical assistance, by comparison with the year before, were made by Japan, whose aid nearly doubled, and Britain, whose aid rose by 55 per cent.

The report states that total expenditure on technical assistance has shown an upward trend in recent years but has not exhibited any significant correlation with the economic levels or the sizes of the populations of the countries in the region. Some of the donor countries prefer to provide aid in the form of capital, food or commodities rather than in the form of technical assistance.

Britain's Contribution

Britain spent $26,263,000 on Colombo Plan technical assistance in 1973, bringing the total spent since 1950 to nearly $136 million.

During the year 2,283 new places were provided for Colombo Plan students and trainees, bringing the total of these since 1950 to 14,687. The students and trainees came mainly from India (658), Malaysia (330), Sri Lanka (180), Bangladesh (160), Indonesia (147), Pakistan (137), Thailand (113), Iran (104) and the Philippines (96).

Britain sent 273 experts on new assignments to 19 countries in the region during 1973, the main recipients being Malaysia (66), Fiji (51), and India (24). As in past years Britain placed greatest emphasis on education, providing 165 experts in this field. Other experts were appointed to help with projects in agriculture (35), industry and commerce (21), works and communications (19), public administration (17) and health (10). The report cites the following examples of experts whose services were made available by Britain: a cotton adviser to Afghanistan; a physicist on a six-week visit to Burma; a consultant in child welfare for two weeks and a consultant in endocrinology for four months to India; a geologist on an 18-month contract and a farm machinery specialist to South Korea; an entomologist to Laos; a sheep management adviser, a regional economic planning adviser on a 15-month contract and two experts to help for two years with the Gurkha Reintegration Training Scheme in Nepal; a teacher in electrical engineering on a two-year contract and an adviser in criminal investigation and police training methods for one year to Singapore; and lecturers in mathematics, animal physiology and analytical chemistry to Chiengmai University in Thailand, and a team of ten experts on a regional planning survey in the south of the country.

The report also mentions the work of the British experts who, during 1973, helped in the operational and architectural planning of the Colombo Plan Staff College in Singapore.

ECONOMIC AND SCIENTIFIC AFFAIRS

International Monetary Co-operation

IMF AND GROUP OF TEN AGREEMENTS

The agreements to extend and enlarge the oil facility established by the International Monetary Fund (IMF) (see pp 268 and 349, 1974) and to establish a solidarity fund in the Organisation for Economic Co-operation and Development (OECD) were announced in the House of Commons on 21 January by the Chancellor of the Exchequer, Mr Denis Healey (*Hansard*, cols 1229-31).

Chancellor's Statement

The Chancellor said that during the preceding week he had attended meetings of the Interim Committee of the IMF and of the Group of Ten (see p 269, 1974, footnote). In the two main meetings he had acted, following the earlier European Community discussions under his chairmanship in London, as spokesman for the agreed views of the Community Governments.

The meetings had been held in an atmosphere of widespread concern about the risks of serious recession during 1975, but there had also been a determination to accept the reality of these dangers, to urge and to take appropriate domestic and international measures to mitigate them, and to reach immediate decisions on the major proposals under consideration.

Summarising the main features of the decisions, Mr Healey said that there had been unanimous agreement to extend and enlarge the IMF oil facility for 1975, to authorise new borrowing up to SDR[1] 5,000 million, and to keep the operation under constant review. It had also been unanimously agreed that, while the facility would broadly operate at market-related interest rates, arrangements would be made for borrowers from among the most severely affected developing countries to pay much lower rates.

The Group of Ten had agreed that a solidarity fund should be established in the OECD as a safety net for its members in case other international measures proved inadequate. Each participant would have a quota which would serve to determine both its obligations and its borrowing rights. Total quotas would be about $25,000 million, available for two years. Some important features still had to be worked out, but it was hoped that the scheme would be approved by the OECD ministers within a few weeks.

There had also been agreement on the main features of the current review of the IMF quotas (that is, the amounts subscribed by each member country). The total size – which indirectly determined the level of normal IMF resources – would be increased by 32·5 per cent, to SDR 39,000 million. Within this total increase, the combined share of member countries of the Organisation of Petroleum Exporting Countries (OPEC) would be doubled and the combined share of other developing countries would remain unchanged; this would involve some reduction in the relative share of the industrial countries. Country by country changes would be worked out in the IMF within this framework.

Finally, agreement in principle had been achieved on a range of amendments to the IMF articles. Many of the amendments, full details of which would be worked out by the IMF Executive Board, would be designed to improve the usability of the SDR and IMF general resources in the context of present and prospective monetary conditions. However, the most interesting features were the progress towards agreement to recognise the legality of the floating of currencies and towards new arrangements concerning gold, designed to abolish the official price for gold, eliminate obligatory payments of gold by members to the IMF, and allow freedom for central banks to enter into gold transactions under conditions which would ensure that the role of gold in the international monetary system would be gradually reduced.

The Chancellor believed that the two major results of the meetings were the additional measures of recycling and financial support which had been agreed, and the important moves towards resolving long-standing arguments about gold, legality of floating, and so on, which would help the ministers to rebuild a more effective International Monetary Fund. In conclusion, Mr Healey said that the whole world could be more confident of avoiding further reductions in trade and economic activity which might otherwise have been unavoidable.

IMF Interim Committee Recommendations

In the communiqué issued at the conclusion of its meeting on 15 and 16 January the Interim Committee of the International Monetary Fund stated that it had discussed the world economic outlook and against this background the international adjustment process. 'Great concern was expressed' – states the

[1] Special Drawing Rights. These are reserve assets allocated by the IMF to its members. One SDR is equivalent to about $1·21.

communiqué – 'about the depth and duration of the present recessionary conditions. It was urged that anti-recessionary policies should be pursued while continuing to combat inflation, particularly by countries in a relatively strong balance of payments position. It was observed that very large disequilibria persist not only between major oil exporting countries as a group and all other countries, but also among countries in the latter group, particularly between industrial and primary producing countries. Anxiety was also voiced that adequate financing might not become available to cover the very large aggregate current account deficits, of the order of $30 billion,[1] in prospect for the developing countries other than major oil exporters in 1975.'

The communiqué continues: 'The committee agreed that the oil facility should be continued for 1975 on an enlarged basis. They urged the Managing Director to undertake as soon as possible discussions with major oil exporting members of the Fund, and with other members in strong reserve and payments positions, on loans by them for the purpose of financing the facility. The committee agreed on a figure of SDR 5 billion as the total of loans to be sought for this purpose. It was also agreed that any unused portion of the loans negotiated in 1974 should be available in 1975. The committee agreed that in view of the uncertainties inherent in present world economic conditions, it was necessary to keep the operation of the oil facility under constant review so as to be able to take whatever further action might be necessary in the best interests of the international community. It was also understood that during the coming months it would be useful to review the policies, practices, and resources of the Fund since it would be appropriate to make increased use of the Fund's ordinary holdings of currency to meet the needs of members that were encountering difficulties.

'The committee emphasised the need for decisive action to help the most seriously affected developing countries. In connection with the oil facility, the committee fully endorsed the recommendation of the Managing Director that a special account should be established with appropriate contributions by oil exporting and industrial countries, and possibly by other members capable of contributing, and that the Fund should administer this account in order to reduce for the most seriously affected members the burden of interest payable by them under the oil facility.'

Referring to the proposal for the increase in quotas (see above), the communiqué states: 'There was a consensus that because an important purpose of increases in quotas was strengthening the Fund's liquidity, arrangements should be made under which all the Fund's holdings of currency would be usable in accordance with its policies.'

The committee had agreed that the Executive Directors of the IMF should be asked to submit, as soon as possible, for consideration by the committee, draft amendments to the Articles of Agreement of the IMF on the following subjects:

'(a) The transformation of the Interim Committee into a permanent Council at an appropriate time, in which each member would be able to cast the votes of the countries in his constituency separately. The Council would have decision-making authority under powers delegated to it by the Board of Governors.

'(b) Improvements in the General Account, which would include (i) elimination of the obligation of member countries to use gold to make such payments to the Fund as quota subscriptions and repurchases and the determination of the media of payment, which the Executive Directors would study, and (ii) arrangements to ensure that the Fund's holdings of all currencies would be usable in its operations under satisfactory safeguards for all members.

'(c) Provision for stable but adjustable par values and the floating of currencies in particular situations, subject to appropriate rules and surveillance of the Fund.'

The committee had also agreed to consider ways for increasing the transfer of real resources to developing countries.

A further decision was that the Executive Directors should be asked to consider possible improvements in the Fund's facilities on the compensatory financing of export fluctuations and the stabilisation of prices of primary products and to study the possibility of an amendment of the Articles of Agreement that would permit the Fund to provide assistance directly to international buffer stocks of primary products.

The committee had reaffirmed that steps should be taken as soon as possible to give the SDR the central place in the international monetary system. It had been generally agreed that the official price for gold should be abolished and obligatory payments of gold by member countries to the Fund should be eliminated. Much progress had been made in moving toward a complete set of agreed amendments on gold, including the abolition of the official price and freedom for national monetary authorities to enter into gold transactions under certain specific arrangements, outside the Articles of the Fund, made between national monetary authorities in order to ensure that the role of gold in the international monetary system would be gradually reduced. It was expected that after further study by the Executive Directors, in which the interests of all member countries would be taken into account, full agreement would be reached in the near future.

The committee had agreed to meet again in the early part of June 1975 in Paris.

Group of Ten

The Ministers and Central Bank Governors of the Group of Ten met in Washington on 14 and 16 January. According to the official communiqué they 'agreed that a solidarity fund, a new financial support arrangement, open to all members of the OECD, should be established at the earliest possible date, to be available for a period of two years. Each participant will have a quota which will serve to determine its obligations and borrowing rights and its relative weight for voting purposes. The distribution of quotas will be based mainly on gross national product [GNP] and foreign trade. The total of all participants' quotas will be approximately $25 billion.

'The aim of this arrangement is to support the determination of participating countries to pursue appropriate domestic and international economic policies,

[1] 1 billion = 1,000 million.

including co-operative policies to encourage the increased production and conservation of energy. It was agreed that this arrangement will be a safety net, to be used as a last resort. Participants requesting loans under the new arrangement will be required to show that they are encountering serious balance-of-payments difficulties and are making the fullest appropriate use of their own reserves and of resources available to them through other channels. All loans made through this arrangement will be subject to appropriate economic policy conditions. It was also agreed that all participants will jointly share the default risks on loans under the arrangements in proportion to, and up to the limits of, their quotas.

'In response to a request by a participant for a loan, the other participants will take a decision, by a two-thirds majority, on the granting of the loan and its terms and conditions, in the case of loans up to the quota, and as to whether, for balance-of-payments reasons, any country should not be required to make a direct contribution in the case of any loan. The granting of a loan in excess of the quota and up to 200 per cent of the quota will require a very strong majority and beyond that will require a unanimous decision.'

Further work would be needed to determine financing methods which might include direct contributions and/or joint borrowing in capital markets. 'Until the full establishment of the new arrangement, there might also be temporary financing through credit arrangements between central banks.'

The meeting agreed to recommend the immediate establishment of an *ad hoc* OECD working group, with representatives from all interested OECD countries, to prepare a draft agreement in line with the above principles. It was thought that this work should be concluded in time to permit approval by the OECD Council by the end of February 1975.

FUTURE POLICIES

In the view of the Chancellor of the Exchequer, the new year had started with encouraging developments at home and abroad. Speaking at the annual dinner of the Finance Houses Association in London on 23 January, Mr Healey warned that measures announced so far this year might not have very much effect on the world economy this year. 'The world economy can still get a little bit worse before it gets any better,' he said, 'but it is now, after the decisions taken and announced in the last few weeks, reasonable to hope recovery could begin some time in 1976.'

The Chancellor said that the enormous and at present increasing size of the petro-dollar surplus of the oil-producing countries could have produced dangerous strains on the international banking system. There could have been a real danger that many countries would not have been able to buy the oil they needed this year. These dangers were a great deal smaller after the preceding week's decision in Washington (see p 62).

Mr Healey said the Washington agreement marked a great step forward but there were many formidable difficulties to be faced. There was a need to develop and encourage agreements for recycling oil money well before the year was out. 'I think,' said the Chancellor, 'to tie down some of this surplus of oil dollars in suitable locations is not in itself enough. Too many of these petro-dollars have been used in too many countries to support high levels of consumption.' It was necessary to work towards enabling oil-producing countries to direct surplus funds towards productive investment in consuming countries so that, when the producing countries could absorb imports on the scale of their earnings, consuming countries would be able to produce the goods.

Economic recovery would surely come in 1976, said Mr Healey, and it was vital that exports were not held back. The Chancellor urged concentration on increasing industrial capacity for the production of those goods for which an expanding market could be relied on, including goods that oil-producing countries needed for their development.[1] He said that, if the necessary industrial training programmes were started now, it could help ease the threat of unemployment in the immediate future and guarantee the prospect of expanding exports.

The key to unity in domestic affairs was a steadfast consideration of common problems. 'We started the year well in this respect,' said the Chancellor. 'I believe that, if we keep it up, 1975 could prove to be the turning point in the post-war history of Britain.'

Britain and World Economic Problems

PRIME MINISTER'S ADDRESS IN WASHINGTON

In an address to the National Press Club in Washington on 31 January the Prime Minister, Mr Harold Wilson, enlarged on current world economic problems and the philosophy behind the measures being adopted by the British Government as its contribution to meeting them.

Shift of Economic Power

Stressing first the interdependence of nations, Mr Wilson said that what had recently hit the world was a rapid and fundamental shift in the terms of trade and thus in economic power in favour of the suppliers of oil and certain other basic materials and against the large industrial users of those materials, the abruptness of which had caused great difficulties for the major industrial countries. They had suddenly realised that the whole of their foreseeable economic growth for some years ahead, and in some cases more than the product of that growth, would have to be diverted from home consumption to meeting the increased bills for their essential requirements of oil and other materials. Moreover, this would have to be done without holding back the capital invest-

[1] At a meeting of the National Economic Development Council on 5 February, described by the Chancellor of the Exchequer, who was in the chair, as an important turning point in its development, discussion was resumed of special investment opportunities, with particular attention to nationalised industries, the process plant industry, the chemical industry and exports to OPEC countries. A programme of action, including the setting up of working parties, was agreed, and progress will be reported monthly so that the council can monitor developments and determine any further steps required.

ment and modernisation which alone could enable them to maintain production and increase exports.

For the developing countries the consequences were even more arbitrary and, in some cases, potentially disastrous. Those unable to produce and export oil or other basic commodities were suffering a crippling surcharge on their imports and their standard of living.

This sombre situation had presented world economic statesmanship with two challenges on an unprecedented scale, which had had to be met with speed and determination.

Washington Agreements

The first was to deal with the consequences of the accumulation of large financial surpluses in the hands of the oil producers. International co-operation in tackling these problems had resulted in the Washington agreements (see p 62) on a new International Monetary Fund facility, in which the British Chancellor of the Exchequer, Mr Denis Healey, had played a leading part, and in Dr Henry Kissinger's proposals for a trust fund.

World Trade and Inflation

The second challenge to the major industrial nations had been so to conduct their affairs in their relations with each other and in managing their domestic economies, as to maintain the momentum of world trade and production. This did not mean that they should all follow the same policies. The United States and the Federal Republic of Germany, for example, had recently announced measures to stimulate demand and counter the threat of recession. For others, the problem of inflation loomed even larger than that of recession. For all, the fight against spiralling costs and prices and the way their economies were managed, was part of the fight against unemployment.

This was of paramount importance to Britain because of its dependence on overseas trade – itself an aspect of interdependence – and the need to reduce inflation and its balance of payments deficit, which in 1973, even before the oil surcharge, had been massive, but the non-oil part of which had, by the second half of 1974, been reduced by 45 per cent compared with the same period of 1973.

Unemployment

He went on to describe the different spirit in which the threat was now being tackled to that which had prevailed in so many countries, including Britain, in the 1930s. Were it not so, what was now faced could lead to direct anxiety about the future of democracy itself over a great part of the free world.

Social attitudes had changed, as political democracy had been changed and inspired by social and economic democracy. No longer was mass unemployment regarded as a divine manifestation which man could not call in question nor the conventional wisdom accepted of those theorists who held that a community bled white by lack of demand should meet its problems by cutting purchasing power, especially of those least able to help themselves. The world's international and national leadership was now dominated by men determined that these things should not be. Democracies faced one of their greatest challenges – self-discipline within democratic institutions.

If statutory interference with collective bargaining – which had been tried in several countries, but which in his view was difficult to make effective for very long – and mass unemployment were rejected, an alternative way of checking inflation was needed.

The Social Contract

The alternative which the British Government and people had chosen was the social contract.

This was simply an attempt to demonstrate that a responsible, civilised society which was treated in a responsible and compassionate way, would respond in a responsible and self-disciplined manner.

The social contract went far beyond incomes. It covered the whole range of social policies: the determination, for example, to ensure a vigorous expanding housing programme; to eliminate poverty, especially in old age; to pursue full employment policies; to subsidise those basic foods which bore heaviest upon the poorest families; to create a society recognised to be both just and concerned, a society which there was a national will to preserve and to build upon.

It was in these conditions, to the creation of which it had been dedicated since it had come to office in October 1974, that the British Government believed it had the right to ask for a response from organised labour, and had, in fact, done so. It was the trade unions in Britain which had led the fight for a massive increase in old age pensions, and increasingly shown its determination – not without some failures, some backsliding, some disappointments – to make this policy work. Success depended on more and more of the British people demonstrating to the world that consent and co-operation did succeed where forcible constraint was doomed to failure. The best discipline was self-discipline. Mr Wilson expressed his certainty that Britain would once again pioneer an advance in democratic living.

This was only one constituent of the policies by which the Government meant to take Britain through today's difficulties towards tomorrow's hopes and possibilities.

National Enterprise Board

Another was a vigorous, alert, responsible and profitable private sector of industry, as set out in the proposals for industrial regeneration (see p 386, 1974) in which a new role was being created in a free democratic country for State investment.

When private investment failed, [the late Lord] Keynes had argued forty years ago that public investment should step into the breach, with public works programmes of roadbuilding, sewerage and drainage.

But that so often meant skilled men doing unskilled, or underskilled jobs. When a skilled toolroom worker or computer programmer was employed to spend his working days digging roads, he might thus be saved from the extremes of poverty, but nothing was being done for his dignity and a valuable national asset was being wasted. The British Government believed that where private industry failed to provide the necessary investment for its expansion, development, and efficiency, public investment must be enlisted to fill the gap.

That was why the National Enterprise Board was

being created (see p 387, 1974). It was not intended to be an infirmary for crippled businesses, but a springboard for new investment – in plant, machinery, research and development.

Of course injection of public money involved public control – a principle largely accepted in Britain. But it was far better that a man should be productively employed in a successful, well-paid job, saved or created by public money, than unemployed, unproductive, unsuccessful, and he and his family sustained on the edge of poverty by that same public money given to him as part of his social security.

These were the attitudes, social responsibility and industrial regeneration, with which in this interdependent world Britain was making its contribution to solving its own economic problems.

Offshore Oil and Gas

Within five or six years Britain should move into the very different era when its energy requirements could be met from its own resources – offshore oil and onshore coal. Already 90 per cent of all domestic gas supplies came from the North Sea – ten years ago they required mined coal or imported oil or methane.

The oil from the North Sea alone by 1980 would equal the estimates of Britain's total oil consumption. Beyond that lay the still unknown and untapped gas and oil resources of the Celtic Sea to the west and south-west of the British Isles and in the early 1980s Britain would be drawing on vast rich unmined new coalfields. The known workable coal deposits in Britain were now equal to the estimates of oil already found.

A Britain built on coal and surrounded by oil would be making a major contribution to the solution of the world's energy and economic problems.

In the years immediately ahead it would be tough going. Efforts of restraint and co-operation would be needed. In these years it was to the sense of social responsibility, the new programme for industrial regeneration, and the growing spirit of industrial co-operation and growing interdependence, that Britain must look to bring it through, working with neighbours and world partners, to economic security and democratic advance.

Public Expenditure to 1978-79

The annual White Paper on public expenditure,[1] published on 30 January, sets out the Government's public expenditure plans for the next four years.

In drawing up these plans, the Government has aimed to strike the right balance between the demand placed on resources by public expenditure and by exports, investment and private consumption and to bring the public expenditure programmes into line with its general priorities and objectives. This year, the scale and composition of the programmes have been particularly affected by three major factors: the balance of payments deficit, which has been made worse by the oil crisis, the importance of certain key social programmes in the pursuit of the Government's economic objectives, and the need to increase the underlying growth in output.

Use of Resources[1]

In 1973 the country was using up more goods and services than it was producing, so that there was a deficit in the balance of trade. Roughly one-fifth of the total national expenditure went on investment, and four-fifths on current consumption.

Of the amount spent on investment, 15 per cent was spent by the nationalised industries; and another 25 per cent by other public bodies, including central and local government, for example, on schools, hospitals, houses and roads. Some 20 per cent was spent by the private sector in manufacturing industry; and the remaining 40 per cent on other private investment, comprising a wide range of capital expenditure, including such diverse items as North Sea oil platforms and office blocks.

Of the amount that was spent on domestic consumption, the share consumed directly by the public sector was roughly a quarter. This covers national and local expenditure on services such as health, education, defence and the police. Although such expenditure does not form part of personal income, the nation's standard of living benefits from the provision by the community of, for example, a national health service and free education.

The remaining three-quarters of consumption consisted of personal consumption, that is, spending by individuals and families. This in turn falls into two parts. One part consists of goods bought with wages and salaries and with income from self-employment and profits ('privately-financed' consumption). The other part is consumption financed by benefits and subsidies provided by the Government. The cost of providing these 'transfer payments' is included in total public expenditure, and affects the general level of taxation, but the goods bought with them form part of personal consumption.

Future Growth and Use of Resources

The White Paper includes a table illustrating the growth and use of resources between 1973 and 1979. Because of the large amount of uncertainty involved in looking so far ahead, a range of possibilities is shown, based on different rates of growth of domestic output (2·5, 3 and 3·5 per cent a year). The central case assumes that gross domestic product (GDP) will increase by about 3 per cent a year. This allows for some increase in the working population, and assumes that productivity improves at about the rate in line with past trends. It also assumes that there will be no undue slack in the economy at the end of the period. In these circumstances, the average annual increase in GDP would be about £1,500 million. A large part of the average annual increase would need to be absorbed by the balance

[1] *Public Expenditure to 1978-79*. Cmnd 5879. HMSO, £1·45. ISBN 0 10 158790 2. The annual White Papers are published following annual reviews of public expenditure carried out by the Government. The public expenditure covered by the White Paper includes the current and capital expenditure of the central Government and local authorities, and the capital expenditure of the nationalised industries and other public corporations, together with their debt interest.

[1] The figures are at 1970 prices unless otherwise indicated.

of payments as the external deficit is eliminated. After taking account of the requirements of the balance of payments, and of investment in the private sector and in the nationalised industries, an average annual increase of £780 million would remain available for other public expenditure and personal consumption. This increase is equivalent to an average annual growth of about 1·8 per cent. The Government's plans envisage that £240 million a year on average would be devoted to the public sector's own direct spending on goods and services, which would be growing at an average annual rate of 1·9 per cent. This would leave an average annual increase of £540 million for personal consumption. Within the latter figure personal consumption financed by Government benefits and subsidies would be rising significantly faster than personal consumption financed by pay and profit incomes.

The White Paper stresses that projections of this kind are subject to many uncertainties. One of these is the underlying growth rate of productivity: it is not possible at this stage to predict when the Government's industrial and general economic policies will result in an improvement of this rate. There are also international uncertainties such as the rate of expansion of export markets. Less favourable outcomes remain possible, and the Government will continue to watch and to assess all the relevant factors and to reappraise the programmes accordingly.

The Government's Priorities

Expenditure has already been substantially increased in 1974-75 on some programmes, including social security benefits, housing and various forms of price restraint. Expenditure on pensions and other long-term benefits will grow in real terms during the period as they will in future be increased in line with earnings. Housing subsidies have been greatly increased and the rent increase in 1975-76 is being moderated by a special subsidy limited to that year only (see pp 494-5, 1974). The Chancellor has already announced that price subsidies in the nationalised industries are to be phased out (see p 428, 1974), and the Government will also aim to reduce the real level of expenditure on food subsidies (see p 165, 1974) during the period under review.

The other main priority area is expenditure designed to increase efficiency and output. The expenditure programmes will contribute to this through the productive investment of the nationalised industries; through regional and industrial support; and through manpower and training policies directed towards the improvement of the industrial base and better utilisation of labour in the economy, and hence to future growth. Priority will also be given to a policy

Table 1

Public Expenditure on Goods and Services—Investment and Consumption 1973-74, 1974-75 and 1978-79

1974 Survey prices

	1973–74	1974–75	1978–79
		£ million	
Defence and external relations			
Defence	3,588	3,520	3,805
Overseas services	158	171	174
Commerce and industry			
Agriculture, fisheries and forestry	108	100	116
Trade, industry and employment	382	436	389
Nationalised industries			
Nationalised industries' capital expenditure	1,854	2,075	2,499
Environmental services			
Roads and transport	1,297	1,236	1,299
Housing	1,379	1,712	1,481
Other environmental services	1,493	1,384	1,570
Law, order and protective services	1,007	1,040	1,202
Social services			
Education, libraries, science and arts	3,492	3,564	3,907
Health and personal social services	3,759	3,829	4,258
Social security	255	275	272
Other services			
Other public services	445	476	470
Common services	479	494	636
Northern Ireland	461	535	593
Total*	20,157	20,847	22,671
Average annual percentage increase to 1978-79	2·4	2·1	

*Excluding any use of the contingency reserve, and before making the general deduction to allow for the fact that the real level of total expenditure tends to fall short of the aggregate of programme totals.

Table 2

Public Transfer Payments—Grants, Subsidies, Loans, Interest 1973-74, 1974-75 and 1978-79

1974 Survey prices

	1973–74	1974–75	1978–79
	£ million		
Defence and external relations			
Defence	16	18	22
Overseas services	495	594	690
Commerce and industry			
Agriculture, fisheries and forestry	501	1,175	598
Trade, industry and employment	1,785	1,972	971
Nationalised industries			
Nationalised industries' capital expenditure	13	37	–1
Environmental services			
Roads and transport	280	491	515
Housing	1,361	1,904	2,196
Other environmental services	29	37	41
Law, order and protective services	10	15	19
Social services			
Education, libraries, science and arts	967	943	1,088
Health and personal social services	28	31	38
Social security	6,205	6,588	7,658
Other services			
Other public services	29	28	21
Common services	—	—	—
Northern Ireland	385	484	440
Total programmes*	12,104	14,317	14,296
Debt interest	3,740	3,800	3,400
Total*	15,854	18,117	17,696
Average annual percentage increase to 1978-79 (excluding debt interest and investment grants)	3·7	0·2	

*Excluding any use of the contingency reserve, and before making the general deduction to allow for the fact that the real level of total expenditure tends to fall short of the aggregate of programme totals.

of continued support for efficient agricultural production.

Expenditure on Goods and Services[1]

Table 1 shows public expenditure on goods and services, analysed by programme, in 1973-74, 1974-75 and 1978-79. The average annual increase between 1973-74 and 1978-79 is 2·4 per cent.

About half of this part of public expenditure is accounted for by three large programmes – health and personal social services, education, and defence. These are programmes where current expenditure predominates, largely reflecting their substantial use of manpower. The next group in terms of size – nationalised industries' capital investment, housing, roads and transport, and other environmental services – all have a large capital expenditure content, and between them account for over three-quarters of public investment.

Most of the increase in investment expenditure will be accounted for by the nationalised industries. Investment in housing has been greatly increased in 1974-75. The subsequent reduction does not represent a decline in new building but reflects the expected reversion to a lower level of improvement expenditure following a period of intense activity. The figures do not include the large and growing amount of publicly-backed housebuilding by housing associations (voluntary bodies set up for the purpose of providing low-rent housing); grants and loans to these are included in Table 2.

Little change is planned in expenditure on roads and transport. Capital expenditure on other environmental services has been reduced, but it is planned that capital expenditure on water and sewerage should recover significantly, much of it in support of the housing programme.

Of those programmes where current expenditure predominates, the bulk of the increase is devoted to health and personal social services and to education. The trade, industry and employment programme provides for industrial training to be built up and for increases in other employment and manpower services during the period. A big increase is also planned for expenditure on law, order, and protective services.

[1] The expenditure figures in the remainder of this article are at constant 1974 Survey prices.

The forecast expenditure on defence takes account of the announcement by the Secretary of State for Defence in December 1974 (see p 459, 1974) and represents a reduction of about £500 million in 1978-79 compared with previous plans.

Transfer Payments

Table 2 shows public expenditure on transfer payments and net lending, analysed by main programme, in 1973-74, 1974-75 and 1978-79. Excluding investment grants and debt interest, the average annual increase between 1973-74 and 1978-79 is 3·7 per cent.

Apart from debt interest, nearly half of this part of public expenditure consists of social security payments, including pensions, family support and supplementary benefit. In the present financial year, these total about £6,600 million. A further £2,000 million goes on the trade, industry and employment programme including support for nationalised and private industry, regional industrial aids, re-finance of export credits, and, at present, compensation to nationalised industries for price restraint.[1] Housing subsidies and loans amount to nearly £2,000 million. Education grants, at about £1,000 million, comprise mainly grants to universities and grants to students for fees and maintenance. About £1,200 million goes on agricultural support and food subsidies, and £600 million on overseas services, including both overseas aid and net payments to the European Economic Community.

The total in 1978-79 is planned to be £2,200 million higher than in 1973-74. A big increase has already taken place in 1974-75 but there will still be significant movements in both directions in individual programmes during the remaining period. Of the figure of £2,200 million, about two-thirds will go towards improving social security payments. The forecast fall in expenditure on trade, industry and employment will result from the phasing out of price restraint subsidies to nationalised industries, but regional industrial assistance is forecast to increase substantially. The reduction under agriculture reflects the intention that food subsidies should be reduced by the end of the period. Housing subsidies will rise because of increases in the publicly-owned housing stock and higher average loan charges. Education grants will rise with the forecast growth of the student population.

Total Public Expenditure

Total public expenditure, including debt interest and a contingency reserve, is forecast to increase from £38,700 million in 1974-75 to £40,900 million in 1978-79 (in volume terms at constant 1974 Survey prices).

For the purpose of resource planning over the next four years, the important measure is the growth in the demand which total public expenditure is expected to make on resources. Starting from the level of expenditure in 1974-75 as forecast at the beginning of the expenditure review (including the cost of measures taken at or around the time of the March 1974 Budget—see pp 122-7, 1974), total public expenditure is planned to grow on average by 2·75 per cent a year, in demand terms, during the period to 1978-79. If account is also taken of subsequent developments affecting the real level of expenditure in 1974-75, the average annual growth rate between 1974-75 and 1978-79 is estimated at about 2·25 per cent in demand terms.

[1] This compensation is being phased out (see p 428, 1974).

Steel Closure Review

An interim report by Lord Beswick, Minister of State, on the Department of Industry's Steel Closure Review was presented to Parliament on 4 February (*Hansard*, cols 1150–68). Introducing the report, the Secretary of State for Industry, Mr Anthony Wedgwood Benn, said that the report represented the first results of the most extensive and open examination of the plans of a public corporation that had taken place, requiring those concerned to justify their proposals in the light of their social responsibilities. Mr Benn said that the Government had accepted the conclusions of the report and hoped that these would also be acceptable to those who worked in the steel industry and to the House of Commons. The Government's policy was to ensure that resources were available to assist the provision of new employment and to improve infrastructure in areas affected. It had been decided to ask the British Steel Corporation (BSC) to accept a special responsibility both in the phasing of redundancies and, to as great an extent as possible, for the provision of new job opportunities in steel-related and other projects.

The procedure for the Government's review of proposed closures of steel works that were implicit in the BSC's development strategy was announced on 23 May 1974. It provided for the review of each closure to begin with a tripartite meeting, under the chairmanship of Lord Beswick, consisting of representatives of the BSC, of the Trades Union Congress Steel Committee (including local trade union representatives) and of the Government.

Interim Report

The plants covered by the interim report are East Moors, Hartlepool iron and steel making, Cleveland iron making, Shelton, Shotton and Ebbw Vale. Consultations on the BSC's development strategy in Scotland are continuing.

In his report Lord Beswick said that he had been given every help by the corporation and had been impressed by the positive and constructive attitude of management, trade unions and workers at all levels. The review had been principally concerned to help the development of the steel industry, whose success was essential for the country as a whole and for all those working in it, so as to provide the best prospects of their long-term employment and reduce to a minimum disturbance to their lives and communities. The capacity target of the BSC had been considered in the review to see if a higher one would help to save more of the plants that it was proposed to close. In the light of the review the corporation proposes to accelerate its development strategy so as to achieve a capacity of 37 million tonnes a year in the early 1980s.

At East Moors, although the review concluded that significant investment in modernising the plant could not be justified, the closure is to be deferred from January 1976 to a date not earlier than January 1980.

The closure of iron and steel making plant at Hartlepool, initially set for 1975/76, is to be deferred at least until 1978. As with East Moors, even the new provisional closure date will be subject to the proviso that there are adequate alternative supplies available to meet the demand which at present is being met by these plants.

At Cleveland the closure dates proposed by the BSC will be adhered to, since alternative employment is available at the BSC plants close by. Extensive development is to be carried out at the two existing pipe mills at Hartlepool so as to meet requirements related to the North Sea oilfields and this will help in providing new job opportunities.

A new electric arc steelmaking plant with a capacity of up to 350,000 tonnes a year is to be constructed at Shelton to replace the existing iron and steelmaking plant. This will feed the existing continuous-casting plant and will ensure a long-term future for steelmaking at Shelton.

The proposed closure at Shotton will be deferred at least until 1980-81, while further study is undertaken of the economics of modernised steelmaking there. Work is going ahead on developing the finishing plant at Shotton and a highly modern cold-reduction mill is now commissioned, while work is in progress on a £30 million coating complex.

The Government had decided to accept the BSC's proposals for the closure of iron and steel making plant at Ebbw Vale between 1975 and 1977. The hot mill must also be closed eventually although proposed date of 1978/79 is dependent on adequate supplies of hot rolled coil becoming available from other plants. Ebbw Vale is an important tinplate works and extensive development schemes are in progress or planned. Discussions have begun with the chairman of the BSC about detailed phasing of redundancies. Both the corporation and the Government are closely concerned with the provision of alternative employment and new job opportunities for the future.

The review has saved some 13,500 jobs for two to four years or more through deferments of proposed closures at East Moors, Hartlepool and Shotton and has permanently saved 800 jobs at Shelton. The future of steelmaking at Shotton is open to further consideration. The report concluded that the role of the BSC in creating new job opportunities to replace jobs to be phased out constituted an important development in thinking about the role of public enterprise.

The MacRobert Award

The 1974 MacRobert Award, the major award for engineering in Britain and comparable in size to the Nobel prizes, was won by a team of five nominated by Imperial Chemical Industries Ltd (ICI) Agricultural Division for their contribution to the development and manufacture of high activity catalysts. They are Dr T. J. P. Pearce, Mr G. W. Bridger, Mr P. Davies, Dr J. T. Gallagher and Dr D. Cornthwaite.

The award, made for successful technological innovation which has contributed or will contribute to the national prestige and prosperity of the United Kingdom, either to a team of no more than five people or to an individual making an outstanding contribution to engineering, the physical technologies or to the application of the physical sciences, consists of £25,000 and a gold medal presented annually by the Council of Engineering Institutions on behalf of the MacRobert Trusts.

The MacRobert Trusts were formed by Lady MacRobert of Douneside and Cromar, widow of Sir Alexander MacRobert, the founder of the British India Corporation. The Trusts have made many contributions to agricultural research, education, medical research, youth, and welfare work in the armed services. In founding the MacRobert Award for engineering and technology the trustees wished to honour individuals who have contributed to the economic well-being of the United Kingdom.

Previous Winners

The award was first made in 1969, when it was won jointly by Rolls-Royce, Bristol, for the *Pegasus* engine used in the Hawker *Harrier* jump jet, and by Freeman Fox and Partners for their design of the Severn Bridge superstructure. In 1970 British Petroleum received the award for their successful exploration of the Alaskan North Slope Oilfield. The 1971 winners were a Gas Council team of five who received the award for several processes for the manufacture of gas, including the catalytic rich gas process; gas recycle hydrogenation; and fluidised bed hydrogenation. The 1972 award went to a single individual for the first time – Mr G. N. Hounsfield of EMI Limited – for his invention of a new X-ray technique which he used as the basis of a new computerised system for diagnosing brain disease. In 1973 the award went to three staff members of Dunlop Limited for their development of the total mobility *Denovo* tyre and wheel system.

High Activity Catalysts

In the 1960s a significant advance in the technology of catalyst manufacture was made in the ICI Billingham laboratories. A systematic examination of the manufacturing costs of the established process for the synthesis of methanol showed that important economies could be achieved if it were possible to operate the process at lower pressures. This could not be done unless a better catalyst could be developed and the ICI laboratories set out to produce a catalyst having the required characteristics. Attempts by earlier workers elsewhere to devise such a catalyst had not been successful as, although catalysts were made which were active initially, they all lost activity rapidly so that they were not suitable for industrial use.

The ICI research successfully established novel procedures for the manufacture of improved catalysts having high activity which is retained in service. The new procedures involve continuous precipitation instead of the batch methods previously employed.

Methanol plants using the new catalysts have lower capital and operating costs than previous plants and manufacturers all over the world have adopted the process. ICI has built two plants, and 23 of the 29 new methanol plants constructed or being designed in the world since 1966 use the process. Together they will account for over one-third of the world's total production of methanol and their construction has earned ICI £18 million in licence fees and catalyst sales.

The new precipitation method is being applied to other catalysts. It is being used to make an improved catalyst for the low-temperature shift process employed in the production of gas for ammonia synthesis. Because of its better performance compared with other available catalysts, this catalyst already accounts for 75 per cent of the world market and 90 per cent of the United States market; sales so far have earned £3 million for ICI in Britain, and £7 million for its associated company in the USA, Katalco Corporation.

The new catalysts are associated with two basic world commodities, methanol and ammonia, the demands for which are expanding rapidly. Very large methanol plants are expected to be built in regions where natural gas or coal is cheap, to make methanol for use as a fuel directly, for gas turbines, for conversion to substitute natural gas, as an additive to petrol and as a feedstock for protein synthesis.

Control of Food Prices

PRICES BILL

A Bill to amend certain sections of the Prices Act 1974 (see p 267, 1974) in respect of the payment of food subsidies and the regulation of prices was published on 22 January. The Bill raises the financial ceiling on food subsidy payments (see p 165, 1974) from £700 million to £1,200 million, with a power to increase the total to a sum not exceeding £1,700 million by order, subject to affirmative resolution of the House of Commons; it also extends the period in which price regulation orders (see pp 165-6, 1974) may have effect to up to 12 months from 31 March 1975, but confers on the Secretary of State for Prices and Consumer Protection power to authorise, in special circumstances, the charging of prices higher than those permitted by the orders.

Debate on the Second Reading

Opening the debate on the second reading in the House of Commons on 30 January (*Hansard*, cols 636-760), the Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams, said that the main purpose of the Bill was to enable food subsidies to be continued into the year 1975-76. While it still remained the Government's intention eventually to run down the programme, the timing of any running down had to be related closely to the introduction of appropriate social benefits. The Government had put forward a number of proposals in respect of increases in the value of pensions and other related social benefits, a new scheme of child and family benefits and help for the aged, but these benefits could not all be paid immediately; it was therefore felt that if the less well-off and the most vulnerable groups in the community were to be assisted, it was appropriate to do so through the mechanism of food subsidies until such time as these groups could be assisted in other and more long-term ways. Subsidies were part of a wider policy (see p 393, 1974) which included such matters as the control of rents, assistance given to domestic rates, the establishment and continuation of the Price Code and some tightening with regard to the three-month freeze and reference profits (see pp 473-4, 1974); it was also part of the Government's intention that subsidies should be very much directed towards some redistribution of income and wealth in the community.

Six basic foods were at present being subsidised, two of which (milk and butter) were subsidised by the Conservative Government which accepted the European Agricultural Guidance and Guarantee Fund (FEOGA), while four additional products (bread, cheese, flour and tea) were chosen because of their importance to the budgets of low-income families and not least of pensioners, and because in every case the elasticity of demand was low. The sums now being proposed for subsidies were based on the continuation of the present rate and did not deal with any changes which might arise as a result of alteration in costs or decisions that the Government might make. The overall effect of subsidies so far had been a reduction in the cost of the food shopping basket by 7p in the pound.

In response to Opposition fears that subsidies would induce shortages, Mrs Williams said that the only substantial movement in consumption of subsidised foods had been from margarine to butter, which were in direct competition; moreover, there had been a substantial saving in imports of raw materials for margarine to offset against imports of butter. She also pointed out that although it had been argued recently that the nutritional consequences of subsidies might be bad, the National Food Survey just published, which covered the period to the third quarter of 1974, showed most clearly that families had been able to save money on subsidised foods and had increased their expenditure on meat of all kinds, fresh vegetables, fish and those very items in the household budget that were most nutritious.

Later, Mrs Williams went on to discuss two of the major arguments used against the subsidies – first, that they were indiscriminate and secondly, that they did not assist the less well-off. Though subsidies were universally available, those who argued that they benefited rich and poor alike were ignoring the fact that they were essentially based on a give-and-take scheme, being financed out of taxation, largely direct income taxation, and that the increase in taxation intended to finance subsidies was introduced at the same time as the subsidies programme itself, namely in the last Spring Budget (see p 123, 1974). This increase fell far more heavily (to the extent of about 80 per cent) on those households having an income of over £60 a week; while there was no additional contribution to taxation at all by lower-paid people, who got a disproportionate benefit from subsidies, as also did old-age pen-

sioners and middle-income families with many children.

Contesting what she described as the view constantly urged by the Opposition that social benefits should be discriminatory – that is, subject to a means test – Mrs Williams said that the take-up of means-tested benefits was always low and the means-tested butter subsidy scheme introduced by the Conservative Government was resented because it named the poor (see also p 165, 1974); for the same reason, the Government refused to limit its current beef voucher scheme to supplementary benefit pensioners and insisted that it must go to all pensioners alike.

The second clause of the Bill extended and improved the powers under the Prices Act 1974 to provide for price regulation and display. The Government had agreed that, for the present at least, it would not use the corresponding clause in the original Act as long as the voluntary agreement (see p 267, 1974) continued and that it would be discussing with the trade what steps it would take to succeed that agreement.

In conclusion, Mrs Williams commended the Bill to the House on the grounds that it discriminated, assisted the poor, and above all, was an effective way of trying to mitigate the effects of inflation upon those whom the House, and above all the Labour Party, were committed to assist – namely, the most vulnerable, the poorest, the oldest and the weakest in British society.

Opposition Views

The chief spokesman for the Opposition, Mr Timothy Raison, said that the Conservative Party did not vote against the last Prices Act since it would be necessary to retain subsidies for the time being, while phasing them out over a year or so; moreover the Conservatives felt that in the immediate wake of the election (see p 367, 1974) it would have been wrong to go all-out to defeat the Government. However, they opposed the present Bill because the economic picture was now different; then their great concern was with the rate of price increases, while now the rate of wage increases had overtaken the rate of price increases. Moreover, subsidies were hard to get out of because expectations were aroused which were difficult to dash overnight. Mr Raison gave several reasons why his party believed that the time had come for a planned rundown of subsidies. First there were theoretical objections to subsidies – their wastefulness, their liability to distort and the increase in bureaucracy they entailed – which were being borne out in practice. Secondly, a different situation existed from that of the previous summer – in particular, there had been an enormous increase in the public borrowing requirement (see p 472, 1974) from £3,000 million or so to well over £6,000 million. Thirdly, incomes had outstripped prices and the Opposition was entitled to an absolute confirmation that it was not the Government's policy to use a subsidy to pay for wage increases. Furthermore, there could be no doubt that it was still true that a great deal of help was going to families, households and individuals who were frankly not in need. The argument that food subsidies were redistributive because they came out of direct taxation was faulty since the Chancellor of the Exchequer had stated in his Budget speech in March 1974 (see p 123, 1974) that changes in indirect taxation, such as the extension of value-added tax on non-essential goods, would be used to help pay the cost of the subsidy.

Mr Richard Wainwright, spokesman for the Liberal Party, criticised Mrs Williams for trying to lead the House to suppose that food subsidies were necessarily and logically paid for out of direct taxation and said that it was very important that the House should have some evidence that the Government was beginning to consider the difficult task of eventually changing gear from massive and extremely expensive food subsidies to more discriminating cash benefits. Mr Wainwright inferred from the Chancellor of the Exchequer's statement in November 1974 (see pp 428-9, 1974) that the best way to help pensioners was to increase pensions, that the Government also believed that the best way to help children was to increase family allowances, and hoped that it meant that the best way to help those who earned their poverty by working a normal week for intolerably low wages was to introduce some statutory minimum earnings level. Taking account of inflation, the redistributive effect of subsidies was very modest, and the Opposition had had no indication of how this allegedly temporary policy of subsidies would lead on eventually to a sensible system of humane and properly administered benefits so that those who needed them should be able to acquire them without serious trouble.

National Consumers' Council

In a written reply in the House of Commons on 29 January (*Hansard*, written answers, cols 192-3) the Secretary of State for Prices and Consumer Protection, Mrs Shirley Williams, said that the Government had decided that the organisation described in the White Paper *National Consumers' Agency* published in September 1974 (see p 403, 1974) would more appropriately be called the National Consumers' Council, since it did not have executive powers. She announced the appointment of the first chairman of the council. About 15 members are to be appointed to the council by Mrs Williams, five from candidates put forward by consumer and other interested organisations.

Functions of the Council

A description of the proposed functions of the council was given in the White Paper. The council is to make representations of the consumer view to central and local government, to the Director General of Fair Trading, to industry, and to any other quarter where the consumer voice should be heard. The subjects on which it will express a consumer view include present and proposed legislation; advertising; consumer advice services; metrication; and testing facilities. The council will be available to be consulted by the Government and others who seek a consumer view on policies and proposals. It will represent the consumer on appropriate Government and other bodies, including international organisa-

tions. The present arrangements for consumer representation in the nationalised industries are to be reviewed by the council, as part of the Government's policy of making the industries more responsive to the consumer's needs.

The council is a non-statutory body, set up by the Secretary of State for Prices and Consumer Protection. It will not itself deal directly with individual consumers' problems, which will continue to be dealt with by the existing range of agencies – consumer advice centres, trading standards departments of local authorities, Citizens' Advice Bureaux, nationalised industry consumer and consultative councils and others. It is not intended that the setting up of the council should in any way affect the responsibilities of local authorities or supersede or duplicate the work of bodies with an existing responsibility for consumer interests in areas such as the health service, the nationalised industries or broadcasting. The council's role in all these fields will primarily be one of ensuring that adequate mechanisms exist for expressing the consumer voice.

There are to be special arrangements for Scotland and Wales; the membership of the council from each country, with some additional members, will form national committees with separate offices. There will be corresponding arrangements for Northern Ireland recognising the responsibilities of the Northern Ireland authorities in this field.

The new council differs from the Consumer Council, which was appointed in 1963 and closed in March 1971, in two main ways. The Government envisages that through the new council the consumer will have a similar opportunity to be heard to those available to management and trade unionists through the Confederation of British Industry and the Trades Union Congress. Secondly, the publication of information for consumers formerly undertaken by the Consumer Council is now part of the functions of the Director General of Fair Trading (see p 452, 1973).

Statement by the Chairman

The newly appointed first Chairman of the National Consumers' Council, Mr Michael Young, had been the founder and first Chairman of the Consumers' Association, the largest of the private consumers' organisations, and its President since 1965. In a statement made on 29 January following the announcement of his appointment, Mr Young said that the establishment of the new council could be one of the most important steps yet taken to organise the consumer interest. Consumers had for long been at a disadvantage when dealing with producers, who had been able to join together in their own interest more effectively. Recent legislation, which includes the Trade Descriptions Act, the Unsolicited Goods and Services Act, the Fair Trading Act and the Consumer Credit Act, had helped but was only a beginning.

Nationalised Industry Consumer Councils

The White Paper also stated the Government's intention of transferring certain responsibilities for the nationalised industry consumer councils, other than the Scottish electricity consultative councils, to the Department of Prices and Consumer Protection. The transfer took place on 1 February 1975. It was announced by the Minister of State for Prices and Consumer Protection, Mr Alan Williams, on 16 December 1974 (*Hansard*, written answers, col 300). He said that the changes would increase the Gas Consumers' Councils' independence of the industry, as would the provision, if Parliament approved, for financing the councils directly from Government funds.

As a result of the transfer of responsibilities the Secretary of State for Prices and Consumer Protection will appoint the chairmen and members of the consumer councils, with the advice of the National Consumers' Council or its appropriate national committee, after consultation with the responsible minister. The Government hopes to introduce legislation shortly to provide for the gas and electricity councils to be financed from Government funds like the other councils. References to the councils are to be made jointly by ministers in both departments, who will also both receive the councils' representations and reports. Any consequent directions to the industry will be made by the minister responsible for the industry after consultation with the Department of Prices and Consumer Protection.

The councils are statutory bodies, whose members are all appointed by ministers, set up to protect the interests of nationalised industry consumers. They are: the Domestic Coal Consumers' Council, the National Gas Consumers' Council and 12 Regional Gas Consumers' Councils, 14 Electricity Consultative Councils, the Central Transport Consultative Committee and 11 Regional Transport Users' Consultative Committees and the Post Office Users' National Council and Post Office Users' Councils for Scotland, Wales and Northern Ireland. They deal with inquiries and complaints from customers and can, if appropriate, make representations on the consumer's behalf to the industries and to the Government.

Channel Tunnel

The Secretary of State for the Environment, Mr Anthony Crosland, announced in the House of Commons on 20 January (*Hansard*, col 1021) that the present arrangements for the Channel Tunnel project had been abandoned and that there was no prospect in the current economic circumstances of it being taken over as a Government-financed scheme. The project would therefore be run down as soon as possible.

Mr Crosland described the events that had occurred from March 1974, when the present Government took office, to the abandonment. The Government had reintroduced the previous administration's Channel Tunnel Bill (see p 179, 1974), intending to ratify the Channel Tunnel Treaty (see p 27, 1974) by 1 January 1975, the stipulated date. However, two general elections in 1974 had affected the timetable of the Bill, even though the House of Commons had agreed in November that the Bill should be reintroduced at the stage reached before the dissolution of Parliament in September. By November it had become clear that the Government

would not be able to meet the ratification deadline and the cost of the proposed rail link had increased substantially (from £120 million at February 1973 prices to £373 million at May 1974 prices) so that the Government had been unable to proceed with the link and alternatives were being considered (see p 483, 1974). He had accordingly proposed to the French Government, the British Channel Tunnel Company Ltd and the Société Française du Tunnel sous la Manche that the timetable should be put back (see p 483, 1974) so that the final decision on whether to embark on the main construction works would have been taken in the summer of 1976, instead of the summer of 1975 as previously envisaged.

Mr Crosland said that although the other partners had expressed concern at these developments, they had been willing to discuss ways of proceeding with the project. At the suggestion of the French Government, the possibility had been investigated of a short standstill agreement designed to protect the interests of all the parties during a period of negotiation. The companies had rejected this proposal and, in their shareholders' interests, had taken advantage of the British Government's inability to ratify the treaty by the beginning of 1975 and had claimed that the Governments had abandoned the project. On 2 January the companies had served notices of abandonment which had expired on 20 January. On 9 January they had put forward to British and French officials a scheme for continuing the project. The Government believed that this scheme did not provide a reasonable basis for negotiation as shareholders in the second phase of the project would have been able to withdraw their money at a premium now, and those who remained would have had the right to withdraw at a premium if for any reason the project were abandoned before the main construction work began. In addition, the proposed timetable – a new Bill in the autumn of 1975, to complete all its stages by the summer of 1976, with an effective commitment to be given in October 1975 that the main construction work would start by the end of 1976 – was quite unacceptable to the British Government.

Mr Crosland said that he had therefore regretfully informed the French Government that he saw no alternative to accepting the companies' claim that the present arrangements had been abandoned. He did not think that the scheme would be taken over as a project directly financed by the Government in the current economic circumstances and in the light of the Government's firm determination to control public expenditure in the years ahead (see p 66). Although the project would be run down as soon as possible, the studies, plans and works would be preserved in case it should be revived in more favourable circumstances. Work on the reassessment of the project (see p 179, 1974), which was being conducted by an advisory committee under the chairmanship of Sir Alec Cairncross, would be completed as the Government wanted an opinion on the method of assessment used for the project, in the event of it being revived at a substantially later date. Mr Crosland said that he would be considering the implications of the decision for the development of conventional transport links with the rest of Europe; the resources released as a result of not building the tunnel would generally be invested in other forms of cross-Channel traffic – ports, roads to the ports, ferries and hovercraft.

British Aid Statistics: 1973

Figures given in the annual *British Aid Statistics*,[1] prepared by the Ministry of Overseas Development and published in January 1975, show that the official flow of resources from Britain to developing countries in 1973 totalled £303·9 million gross. This comprised £282·4 million in overseas aid, of which £271·1 million was disbursed under the aid programme, and £21·5 million in other official flows. Capital repayments on previous loans amounted to £41·3 million, thus giving a net official flow figure of £262·5 million. This represented 0·37 per cent of Britain's gross national product (GNP). Net private flows to developing countries totalled an estimated £169 million, making a total net flow of resources of about £432 million or 0·61 per cent of GNP.

Overseas Aid

Of the gross overseas aid total of £282·4 million, £222·8 million was bilateral (country to country) aid, which was disbursed to over 120 countries, and £59·5 million was multilateral aid given through international agencies. Some £72·6 million of bilateral aid was provided as technical assistance, all in grant form, the remainder being financial assistance made up of £38·7 million in financial grants, £100·2 million in intergovernmental loans and £11·3 million in advances to the Commonwealth Development Corporation (see p 260, 1974). Multilateral aid, which was all in grant form, comprised £12·2 million in technical assistance and £47·4 million in financial aid.

Commonwealth countries received £183·1 million of the bilateral aid, including £21·7 million for Britain's dependencies and £8·6 million for the Associated States in the Caribbean. The largest Commonwealth recipient was India with £49·4 million, followed by Kenya (£11·66 million), Zambia (£7·95 million), Nigeria (£7·8 million), Singapore (£7·36 million) and Malawi (£6·9 million). Outside the Commonwealth, the largest recipients were Indonesia (£8·1 million), Pakistan (£4·4 million), Turkey (£2·5 million) and Jordan (£2·4 million).

Loans

Besides inward capital repayments on previous aid programmes loans amounting to £32·8 million, developing countries paid Britain during the year £26·7 million in interest on such loans. However, since 1965 most new loans have been on interest-free terms. In 1973 over 76 per cent of the £111·4 million disbursements of aid programme loans (including advances to the Commonwealth Development Corporation) were interest free. New loan commitments entered into in 1974 totalled £129·4 million, 65 per cent of which was interest free.

[1] *British Aid Statistics – Statistics of Economic Aid to Developing Countries 1969-1973*. HMSO, £3. ISBN 0 11 580145 6.

Overseas Service

There were 10,483 men and women financed bilaterally from public funds and recruited in Britain serving in developing countries at the end of 1973. Of these, 7,461 were serving under the Overseas Service Aid Scheme or similar supplementation schemes (under which they are in the service of the overseas government as teachers, doctors, nurses, etc., but receive supplementary salary and other payments from the British Government); 1,150 under regional technical assistance schemes; 84 under Commonwealth Education Co-operation arrangements; 156 under British Council schemes; and 1,662 as volunteers under the British Volunteer Programme. The number of such personnel recruited during the year was 3,224, of whom 945 were volunteers. In addition, 206 experts were appointed under multilateral technical assistance arrangements to serve in developing countries under the United Nations and its specialised agencies.

Of the British-financed personnel overseas at the end of 1973, the largest numbers, some 4,820, were employed in the education sector, followed by over 1,680 in public administration, 1,260 in economic infrastructure, 965 in industry and commerce, and 879 in agriculture and allied fields. Of the volunteers alone, 1,094 were serving in education.

Students in Britain

At the end of 1973 there were 7,674 students and trainees from developing countries on courses in Britain financed from public funds under technical assistance arrangements. Of these, 4,562 came from Commonwealth countries, the greatest number from India (537), followed by Nigeria (466), Sri Lanka (286), Ghana (274) and Kenya (276). The main fields of study were engineering, education,medicine, natural sciences and social sciences including economics.

Voluntary Aid

Some 200 voluntary agencies, including church and missionary societies, provided approximately £22 million in grants for development work overseas in 1973, about the same as in 1972. These funds were mainly spent on agriculture, health and nutrition and education projects in a large number of countries. In addition, considerable emergency relief was provided, particularly to the Sahel countries and Ethiopia.

SOCIAL AND CULTURAL AFFAIRS

Education

EDUCATIONAL STANDARDS

During a debate in the House of Commons on 27 January, the Secretary of State for Education and Science, Mr Reg Prentice, outlined the Government's achievements and plans.

First of all, the Government had ensured that education should not have to take an unfair share of the burden imposed on Britain by the economic situation. The education element in the central Government's grant to local authorities was estimated to be 5 per cent higher in real terms this year than last year and it was planned for next year's expenditure to be 10 per cent higher than last year's expenditure.

Secondly, the Government had identified the teaching profession as the most important single item in education. Apart from accepting the recommendations of the Houghton Report on Teachers' Pay (see p 77), the increased grants to local authorities would allow for the employment of 20,000 or so extra teachers who were expected to be available next September, for some modest improvement in staffing ratios and for an extension of in-service training.

Thirdly, during the past 11 months the Government had begun to redistribute resources in favour of those who in the past tended to get left behind. It had established an Educational Disadvantage Unit, staffed by the education inspectorate and by officers of the Department of Education and Science (see p 358, 1974), while a related Advisory Centre, outside the department and independent of it, was going to be established. It had also established an Assessment of Performance Unit with a wider brief – to find out why children of all ranges of ability often fell below their potential (see p 186, 1974). Then the building programme had been reallocated (see p 77). Mandatory awards had been introduced for Higher National Diploma students and adult students at Ruskin and similar colleges (see p 492, 1974); funds for fighting adult illiteracy had been made available (see p 493, 1974); and extra allowances had been given to teachers in social priority schools.

Fourthly, the Government had given a new impetus to the changeover from selective to comprehensive education. It proposed to continue that impetus and to pursue it to a successful conclusion.

Mr Prentice was replying to a speech by Mr Norman St. John-Stevas, accusing the Government of complacency and lack of urgency in regard to educational policy and, in particular, of a failure to initiate the researches and inquiries needed as a basis for policy. Mr St. John-Stevas called attention to the problems of truancy and violence in certain areas, to evidence of continuing and possibly increasing illiteracy, and to doubts about teaching methods and about the most effective form of organisation of comprehensive schooling as well as about the merits of selective and comprehensive schooling. He called on local authorities to resist being forced into comprehensive schooling against their will, until these matters were clarified.

Replying specifically to these points, Mr Prentice said that he estimated that only a handful of local authorities in England and Wales (he guessed about five or six) would stand out against the policy of the circular calling for their plans for completing the process of moving towards comprehensive secondary education. Already 29 of the 97 local education authorities in England were completely reorganised, or had plans for becoming completely reorganised, while only one had not made any move to progress along this road. The remaining 67 were in various degrees of partial reorganisation. In February 1974 there were in England 2,075 comprehensive schools at which 58·5 per cent of the secondary school population was being educated. Mr Prentice did not propose to institute an inquiry into comprehensive secondary education. In so far as examination results provided a rough and ready clue about the differences of attainment, they provided over the years a story of improvement since comprehensive education began to spread. In accordance with the Labour Party Manifesto, he proposed to put an end to the anomalous system of giving direct grants to independent selective schools. A phasing out operation would start in the autumn of 1976.

The Government, however, had decided that it was time for a fundamental examination of the government and management of schools, an examination which would cover not only the composition of governing bodies or management committees, but the relationship of those bodies with the local education authority and the head teacher, the relationship of a head teacher with the staff, and the relationship of the school with the parents and with the wider community.

On the whole vexed area of truancy and indiscipline, Mr Prentice called for a sense of perspective, and a realisation that these were not problems peculiar to the schools in Britain, but deep-seated problems of urban and industrialised societies the world over. In order to try to identify remedial steps, the Govern-

ment proposed to initiate discussions with representatives of local authority associations, teachers' organisations and other bodies, with a view to drawing up a consultative document as a basis for further exploratory discussions.

TEACHERS' PAY

In a written reply to a parliamentary question, Mr Prentice told the House of Commons on 20 December 1974 (*Hansard*, written answers, cols 630-2) that he had received on 17 December the report of the committee under the chairmanship of Lord Houghton of Sowerby (*Report of the Committee of Inquiry into the Pay of Non-University Teachers*, Cmnd 5848, HMSO £1·75, ISBN 0 10 158480 6), and that he welcomed the general principles of the report and accepted on behalf of the Government its implications for expenditure. The Government, Mr Prentice recalled, had accepted in May that teachers were one of the very few groups who could be regarded as a special case under the social contract and entitled to special treatment.

The Houghton Committee has conducted the first independent review of teachers' pay in Great Britain as a whole and the first in England and Wales since the McNair Committee reported in 1944. Its report recommends not only the largest single increase in the general level of pay since the end of the last war, but an improved pay structure giving more adequate rewards to career teachers. The report recommends increases, with effect from 24 May 1975, of from 16 to 32 per cent for teachers in primary and secondary schools and from 16 to more than 40 per cent for teachers in further and higher education outside the universities. There would also be increases as a result of the substantial structural changes. These would give more promotion posts in primary and middle schools; merge and substantially raise the present Burnham[1] scales 2 and 3; create common gradings for staff in colleges of education and further education establishments; abolish the Assistant Lecturer grade and assimilate the staff to the Lecturer 1 grade; and revise definitions of levels of work categories.

The committee estimates the total additional annual cost of its recommendation at £432 million for Great Britain (£385 million for England and Wales) in the long term over and above the total annual salary bill at the rates prevailing in May 1974 (£1,479 million in Great Britain and £1,326 million in England and Wales).

EDUCATIONAL BUILDING PROGRAMMES

£140 Million for Schools

Lump sum authorisations totalling £140 million have been announced to local education authorities for building projects at primary and secondary schools in England for the financial year 1975-76. Local authorities were notified earlier in January that in future the start of the building year would revert to April from July to coincide with the financial year.

In a circular letter to local education authorities the Department of Education and Science points out that they will receive one lump sum authorisation to cover all primary and secondary school building projects, including all schemes at voluntary aided schools. Minor works at special schools and establishments of further education and teacher training are also included in the lump sum authorisations, but nursery school building will continue to be the subject of separate allocations.

Of the total resources available for 1975-76 £1·31 million is from the resources available nationally for building projects at special schools, distributed among local education authorities by reference to school rolls; and £1·75 million from the resources available nationally for building projects at further education and teacher training establishments.

Of the remaining £136·8 million it is estimated that £132·5 million will be needed to accommodate additional pupils, including places required as a result of new housing development. The remaining £4·3 million is intended for small improvement projects.

£56 Million for Higher and Further Education

A building programme of about £56 million for major further and higher education projects in 1975-76 was announced on 4 February in the House of Commons by the Secretary for Education and Science, Mr Reg Prentice (*Hansard*, written answers, col 459). Mr Prentice said that in the 12 months beginning 1 April 1975 he would be ready to authorise starts on major further and higher education building projects to a value of about £56 million at 1975 prices.[1] The University Grants Committee would have £15 million of this total at its disposal and would be settling the detailed programme for the universities in Great Britain. The Department of Education and Science would shortly be in touch with the local education authorities in England and Wales about the choice of individual projects in further education and in colleges of education.

Housing Developments

PRIVATE SECTOR HOUSING

Measures to assist private sector housebuilding and to help people wishing to buy their homes for the first time were announced in a parliamentary written answer (*Hansard*, 27.1.75, written answers, cols 43-7) by Mr Anthony Crosland, Secretary of State for the Environment. These are as follows:

1 The Government will continue its commitment to the principle of stabilisation of mortgage finance. Should a situation develop in which the continued availability of funds for house purchase were at risk the Government would, in discussion with the building societies and housebuilders, work out joint measures to stabilise the position, including, if appropriate, the making of further short-term loans (see p 183, 1974).

[1] The Burnham Committee settles the pay of teachers in schools and the Pelham Committee the pay of teachers in further education.

[1] This does not include the £1·75 million for minor projects at further education and teacher training establishments, which was included in the school building programme.

2 A deferred payment mortgage scheme for first-time purchasers will be put into effect as soon as possible. Those eligible would be first-time buyers with incomes of not more than £4,800 in the south-east of England or £3,800 elsewhere seeking a mortgage on property up to the value of £14,000 in the south-east or £11,000 elsewhere. Under the scheme, in the case of mortgages providing for repayments by instalment over a 25-year period, part of the payments in the first five years would be deferred; from the sixth to the tenth years a borrower's repayments would be those he would have made under a normal mortgage; and in the eleventh year the borrower's repayments would increase in order to pay off the deferred payments. Maximum advances under the scheme would be 95 per cent of the valuation or purchase price of the property, though building societies would normally require an insurance policy to guarantee part of a loan of this size. The scheme is voluntary, the Building Societies Association recommending it to its members, and the Government recommending it to local authorities.

3 The maximum house valuation for the option mortgage guarantee scheme will be increased from £7,500 to £12,000.[1]

4 Consideration will be given to increasing construction loans by building societies to builders.

5 Local authorities will be urged to handle planning applications for housing development quickly, and to consider the provision of lower priced housing, conventional or unconventional, at higher densities.

HOUSING LAND AVAILABILITY

A report[2] was published in January on the availability of land for housing in the south-east of England. It was prepared by consultants commissioned in June 1973 by the Department of the Environment and the Housing Research Foundation to study the relationship between housing land availability in planning terms and the actual availability of land for development. The report shows that more than half the planning permissions granted for housing development in the south-east between October 1972 and the end of 1973 related to land not previously recorded as available in planning terms. There were considerable delays affecting between half and three-quarters of land where planning permission was granted, most being incurred by problems of site servicing, revision of schemes by the applicant, consultation between public authorities and changes of land ownership. The report concludes, however, that the decrease in housebuilding during the period under study was not essentially a land supply problem but, as seen by the builders interviewed, a demand problem linked above all to the availability of building society finance.

[1] Under the 'option mortgage' scheme, introduced in 1967, borrowers have the option of either claiming income tax relief on interest payments on their loan or receiving a Government subsidy (through the lending body) in the form of a reduced rate of interest paid on their mortgage. About a fifth of mortgage advances by building societies in Great Britain are option mortgages.

[2] *Housing Land Availability in the South East.* HMSO, £1·65. ISBN 0 11 750863 2.

HOUSING DESIGN AWARDS

An invitation was announced in January for entries to the 1975 Good Design in Housing Awards Scheme. The scheme, started in 1961, is promoted annually by the Secretary of State for the Environment, in collaboration with the Royal Institute of British Architects, to encourage a high standard of design, layout and landscaping in housing schemes in England. The 1975 competition consists of five categories: four relate to new housing schemes, the fifth to 'general improvement areas' (set up under the Housing Act 1969). Medals will be awarded to winning entries in each category in each of nine regions in England, and diplomas will be awarded for highly commended schemes. In recognition of European Architectural Heritage Year 1975, there will also be a special award if a scheme is considered to make an outstanding contribution to the built environment. Award-winning schemes in 1974 included a public sector development of 36 dwellings in Northumberland, a group of houses and flats for old people in Norwich, and a 59-house private sector scheme in Bristol.

Urban Aid Programme

Government aid amounting to £6·9 million has been announced under the Urban Programme for more than 450 projects in urban areas in England facing special social problems. This is the highest sum to have been allotted so far and the grants approved will help local authorities to undertake a wide range of social, educational and community activities. Two groups of projects are receiving assistance. The first involves 171 capital schemes costing £3·35 million and 99 non-capital schemes with an annual cost of £0·45 million in urban areas with such social problems as old and out-of-date housing, lack of community and play facilities and families with low incomes. The second group, comprising 74 capital projects costing £2·3 million and 112 non-capital projects costing £0·6 million a year consists of schemes to help areas where the presence of large immigrant communities has put strain on the social, educational and related services.

Voluntary organisations will run 198 of the projects, the encouragement to local authorities to help voluntary bodies having become an important feature of the Urban Programme in recent years.

Types of Project

The projects aided in the first part of the programme include play schemes, one of which is a playground for handicapped people; community centres and community workers; information and advice centres, including law centres; hostels; nursery and day centres; schemes to train child minders; and schemes for the elderly. There are also a number of projects to help maltreated women ('battered wives'). Educational projects include those making provision for

facilities or extra staff to help with social or behavioural difficulties; youth and community facilities; help to illiterate adults; schemes for the under-fives; and aid for educational schemes for gipsies. In most cases grant will be paid for five years on the running costs of capital projects and for five years on the cost of non-capital projects.

Aid to Immigrant Areas

The cost of the second programme for areas of high immigration – including those where Ugandan Asians have settled – will amount to some £6 million by March 1977; this sum will be found from funds originally intended as aid for Uganda. Some projects are multi-racial, others deal with the special needs of groups like Ugandan or Cypriot refugees and homeless young West Indians. Projects in London include education and community schemes; accommodation projects; improvements to schools; language teaching schemes, and the provision of social workers with special qualifications. In various parts of the country help will be given to language teaching schemes for immigrant workers at their place of work. Among other schemes outside London are parents' rooms at schools; a training centre for teachers; a day nursery; social centres and hostels; advice and information centres; and training for child minders.

WALES

In Wales the latest phase of the Urban Programme costing £421,000 will give aid to 33 schemes covering a wide range of needs, six of which will help to deal with homelessness. Three schemes are for the provision of accommodation – an overnight shelter, a hostel for the single homeless, and the conversion of a hotel for temporary accommodation for homeless families. Two schemes concentrate on advice for the homeless and a mobile information and advice unit will also deal with housing problems. Four of these projects are run by voluntary organisations; of the total programme one-third of the schemes will be undertaken by voluntary bodies.

Schemes are to be undertaken in two counties to tackle the problem of adult illiteracy and 11 projects are designed to help children and young people. One of these is the recruitment and training of day foster mothers who will take children in special need of care into their homes. Other projects concerned with children and young people include provision for mentally handicapped adolescents, a residential centre for deprived children, playgroups, play areas and youth centres. The South Wales Talking Magazine for the Blind, based on Cardiff, will receive support, and other schemes will provide for community centres, a family day centre, and an old people's centre.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Honours and Titles in Britain. COI, R5456.

The Royal Yacht Britannia. COI, SN3822.

Devolution Within the United Kingdom. COI, Factel No 652.

Devolution. A two-day debate in the House of Commons on the Government's broad proposals for devolution to Scotland and Wales (see pp 367-8, 1974). *Hansard,* 3 and 4.2.75, cols 956-1286.

Ministerial Appointments. Miss Margaret Jackson, MP, and Mr David Stoddart, MP, have been appointed Assistant Whips in the House of Commons. Mr Walter Johnson, MP, has resigned his post as Assistant Whip. Prime Minister's Office press notice, 27.1.74.

General Elections in Britain. COI, SN5693.

The Northern Ireland General Elections of 1973. A description and analysis of the elections by proportional representation for the Northern Ireland district councils and for the Northern Ireland Assembly in 1973. Cmnd 5851. HMSO, £1. ISBN 0 10 158510 1.

The Northern Ireland Border Poll 1973. Cmnd 5875. HMSO, 34p. ISBN 0 10 158750 3.

Northern Ireland Legislation. Arrangements whereby Northern Ireland legislative orders could, after consultation and agreement with the 12 Northern Ireland members, be dealt with in standing committee with opportunities for debate of a period of up to two and a half hours and, where applicable, divisions taken on the Floor of the House, were agreed by the House of Commons on 14 January (*Hansard,* col 411). The establishment of a Northern Ireland Committee to meet for a limited number of occasions in each session in order to debate topics approved by the House was also proposed (col 210). This committee would consist of the Northern Ireland members, who would serve as of right, and other members appointed separately for each debate.

Report from the Select Committee on the Parliamentary Commissioner for Administration. Session 1974. The select committee's examination of reports laid before the House of Commons by the Parliamentary Commissioner for Administration and the Health Service Commissioner for Great Britain. HMSO, 89p. ISBN 0 10 226875 4.

Women in the Civil Service. Lord Lovell-Davis, answering a question in the House of Lords, announced that the rules governing re-entry to the Civil Service had been changed in a way likely to be of particular help to women who found themselves able to return to full-time work after a period of devoting themselves entirely to home and family responsibilities. Civil servants, who have resigned but later wish to return, may now apply to be reinstated in their grade at the time of resignation and need not as formerly revert to the basic grade (*Hansard,* H.L., 19.12.74, col 1265).

Local Government in Britain. COI, R5505.

Immigration into Britain. COI, R5976.

Statistics on Judicial Administration 1973. HMSO. £1·50. ISBN 0 11 390586 6.

Report of the Committee on County Courts and Magistrates Courts in Northern Ireland 1974. The committee recommended the establishment of a Crown Court system to take over the present original criminal jurisdiction and functions of the Courts of Assize and County Courts. It also made a number of proposals for changes in the jurisdiction and functions of other courts in Northern Ireland. Cmnd 5824. HMSO, Belfast, 36p. ISBN 0 10 158240 4.

External Affairs and Defence

Anglo-Mexican Relations. COI, SN5985.

Economic and Scientific Affairs

Measuring Changes in the Nation's Real Income, by J. Hibbert, Chief Statistician, Central Statistical Office. This article discusses the difference between the nation's real output (as measured by gross domestic product – gdp – at constant prices and published in the annual Blue Book – see pp 381-4, 1974) and the real income available to the nation. While movements in gdp at constant prices show the extent to which the output of the domestic

economy is expanding or contracting, these changes do not necessarily lead to a corresponding change in the nation's real income. This is because the nation's real income is also affected by changes in net property income and net current transfers from (or to) abroad, and by movements in import and export prices which may cause a given volume of domestic output to be exchanged for a varying volume of overseas output. The author discusses various approaches to measuring real income and uses one to calculate an index showing the difference between output and real income over the last decade. For example, while the output index fell from 111·1 in the second half of 1973 to 109·3 in the first half of 1974, the real income index fell from 108·3 to 102·4 over the same period (1970 = 100). *Economic Trends*, No 255, January 1975.

Changes in the Minimum Lending Rates. The Bank of England's minimum lending rate was reduced by 0·25 per cent to 11·25 per cent on 17 January, and by a further 0·25 per cent to 11 per cent on 24 January, following falls in money market rates of interest. *Economic Progress Report*, No 59, Treasury, February 1975.

The Incidence of Taxes and Social Service Benefits in 1973. This article shows how the incomes of different types of families in Britain are affected by the payments of taxes and the receipts of social service benefits, and thus indicates the extent to which incomes are redistributed through the revenue and expenditure of public authorities towards larger and less-well-off households. Over all households in 1973 the highest quintile of original income (20 per cent of households are above this level) was 6·5 times as great as the lowest quintile (20 per cent of households are below this level); after taxes and benefits it was only three times as large. *Economic Trends*, No. 254, December 1974.

Index-linked National Savings Securities: Dates of Introduction and Terms. Details have been announced of the two schemes designed to protect the purchasing power of savings (see p 323, 1974). Index-linked certificates for people of retirement age will be on sale from 2 June 1975 in units of £10 with a maximum holding of £500. Index-linked Save-As-You-Earn (SAYE) will be introduced on 1 July with monthly contributions from £4 to £20. Department for National Savings press and broadcast notice, 29.1.75.

New Insurance Regulations. The Insurance Companies (Valuation of Assets) Regulations 1974, which for the first time establish formal rules for valuing the assets of insurance companies, came into effect on 1 February. Department of Trade press notice, 10.1.75.

Import Duties Act 1958. Annual Report by the Department of Trade for the year ended 31 March 1974. HMSO, 26p. ISBN 0 10 233775 6.

Balance of Payments. In 1974 the current account deficit is estimated to have been £3,730 million compared with £1,198 million in 1973. The deficit on visible trade was £5,190 million (£2,355 million in 1973) of which £3,491 million was accounted for by the deficit on trade in oil (£941 million in 1973) and £1,699 million by the deficit on other goods (£1,414 million in 1973). The invisible trade balance is estimated to have been in surplus by about £1,460 million. Central Statistical Office and Department of Trade press notice, 15.1.75.

Intellectual Property. Universal Copyright Convention. Cmnd 5844. HMSO, 26p. ISBN 0 10 1584407.

Offshore Oil Production. Mr William Ross, Secretary of State for Scotland, announced decisions which will enable three more oil production platform sites in the Clyde area – Campbeltown, Portavadie and Hunterston – to start operation. Scottish Office press notice, 10.1.75.

SGHWR Nuclear Power Stations. The Secretary of State for Energy announced on 5 February that consent had been given for the construction of two Steam Generating Heavy Water Reactor (SGHWR) power stations. The sites are at Sizewell in Suffolk and Torness East Lothian. Department of Energy press notice No 31, 5.2.75.

Energy Restrictions. Two orders, the Electricity (Advertising Lighting) (Control) Order (SI 1974 2159) and the Fuel and Electricity (Heating) (Control) Order (SI 1974 2160), restricting heating levels in buildings and the use of electricity for daylight advertising came into force at midnight 12 January. The restrictions were first announced by Mr Eric Varley, Secretary of State for Energy, on 9 December 1974 (see pp 480-1, 1974). Department of Energy press notice, No 7, 10.1.75.

Energy Conservation in the United Kingdom. Achievements, aims and options. A report by the National Economic Development Office. HMSO, £3·40. ISBN 0 11 700734 X.

Report on Research and Development 1973-74. Department of Energy. HMSO, 51p. ISBN 0 11 410230 9.

The Steel Industry in Wales. Report by the Welsh Council. HMSO, free.

Public Ownership of Aircraft Industry. A consultative document, setting out Government proposals for implementing public ownership in the aircraft industry, issued on 15 January. Copies available from the Air Division, Department of Industry, Monsanto House, 10-18 Victoria Street, London SW1H 0NQ.

UK Computer Industry Sub-committee. House of Commons Select Committee on Science and Technology. Minutes of Evidence. 24 June 1974. HMSO, 38p. ISBN 0 10 277175 8.

Training Centre for Drilling Technology. Arrangements for the setting up in Scotland of a Training Centre for Drilling Technology, the first phase of which is to start at Livingston, Lothian, have been confirmed by Mr Bruce Millan, Minister of State at

the Scottish Office. The Government is to meet half of the agreed cost of this phase (estimated at £255,000), and it is expected that the centre will start operations in the summer of 1975. Scottish Office press notice, 10.1.75.

Deep Diving Training Centre. The Manpower Services Commission (see p 69, 1974) has obtained Government agreement to its proposal to set up a £2 million underwater training centre to be financed out of public funds (see p 449, 1974). The centre will be located in the Fort William area on Loch Linnhe in western Scotland and will be established by Shenley Trust Ltd in conjunction with the Training Services Agency. Manpower Services Commission press notice, 19.12.74.

Final Triennial Report of the National Youth Employment Council, 1974. The council was wound up when reorganisation of the Youth Employment Service took effect on 1 April 1974 following the passage of the Employment and Training Act 1973 (see p 132, 1973). Department of Employment. HMSO, 71p. ISBN 0 11 361066 1.

Unqualified, Untrained and Unemployed. Report of a Working Party set up by the National Youth Employment Council. The report looks at the underlying causes of the employment difficulties faced by young people who leave school at 16 without examination successes and makes recommendations for Government agencies, employers and educationists. Department of Employment. HMSO, 86p. ISBN 0 11 361061 0.

Advisory, Conciliation and Arbitration Service (ACAS). Mr Jim Mortimer, chairman of the Conciliation and Arbitration Service (CAS) (see pp 225-6, 320, 1974) has announced a decision of the council of the CAS that in future the CAS should be known as the Advisory, Conciliation and Arbitration Service (ACAS) to reflect its main functions which also included advisory work on the whole field of industrial relations and personnel management, and longer-term investigations to promote the improvement and extension of collective bargaining. ACAS press notice, 15.1.75.

Flexible Working Hours. The results of a study of the first experiments with flexible hours systems in Britain have been published in the January 1975 issue of the *Department of Employment Gazette.* HMSO, 70p. ISBN 0 11 723815 5.

Counter-Inflation (Price Code) (Amendment) Order 1974. The Order corrects an error in the Counter-Inflation (Price Code) Order 1974 (Stage 4 : see p 41) and thus confirms the replacement of the Stage 3 price code by Stage 4. HMSO, 4p. ISBN 0 11 042158 2.

Price Commission. Report for the period 1 September – 30 November 1974. The report reiterates (see p 450, 1974) the increasing importance of rises in labour costs in determining the rate of inflation which, in the field covered by price control, had fallen from a peak of 23 per cent a year in the winter of 1973-74 to 9·5 per cent in the summer of 1974 and had then risen to 19·5 per cent a year during the period under review. The proportion of total cost increases directly attributable to labour cost increases had risen from 15 per cent in the period March-May 1974 to 24 per cent in June-August 1974 to 33 per cent (rising to 60 per cent if increased costs of raw materials, reflecting increased labour costs incurred by suppliers, are taken into account) in the period under review. HMSO, 86p. ISBN 0 10 021255 7.

Bread Prices. The rate of bread subsidy in respect of flour used on or after 12 January has been adjusted on an interim basis to £6·22 per sack of flour (equivalent to about 3p on large loaves and about 2p on small loaves) in anticipation of impending price increases. Department of Prices and Consumer Protection press notice, 10.1.75.

Cheese Prices Order 1974. The Order, which was made under the Prices Act 1974 (see p 267, 1974) and came into effect on 27 January, sets the maximum retail prices which may be charged anywhere in the United Kingdom for Cheddar, Cheshire and other English territorial varieties and to packed Edam and Gouda cheese (see p 165, 1974). The Order will apply to about 80 per cent of all cheese bought for domestic use. It also controls distributor's margins on all subsidised cheese to ensure that the subsidy (see p 450, 1974) is passed through to the consumer. Retailers will be required from 17 February to display lists of these maximum prices in their shops. HMSO, 8p. ISBN 0 11 050038 5.

Proposed New Highway Code. Green Paper. HMSO, 50p. ISBN 0 11 550183 5*.

Telecommunications. From: Science Research Council, State House, High Holborn, London WC1R 4TA.

Submission on the Report of the Water Resources Board: Water Resources in England and Wales (see p 85, 1974). From: Council for Protection of Rural England, 4 Hobart Place, London SW1W 0HY.

Report of a River Pollution Survey of England and Wales 1973. Vol 3. HMSO, £1·20. ISBN 0 11 750843 8.

Convention for the Prevention of Marine Pollution from Land-based Sources. Paris, 4 June 1974. The Convention has not been ratified by the United Kingdom. Cmnd 5803. HMSO, 18p. ISBN 0 10 158030 4.

Statistical Review of Progress and Effects of Smoke Control in London. GLC Intelligence Research Memorandum. RM 422. From: GLC, The County Hall, London SE1. £4·25. ISBN 0 7168 0646 0.

Agreement Establishing the European Molecular Biology Laboratory (see NST1, *Molecular Biology*). Treaty Series No. 12 (1975). Cmnd 5835. HMSO, 18p. ISBN 0 10 158350 8.

Report of the Working Party on the Experimental Manipulation of the Genetic Composition of Micro-

Organisms (Chairman, Lord Ashby). Cmnd 5880. HMSO, 26p. ISBN 0 10 158800 3.

Earliest Record of Man's Presence in Britain. Middle Pleistocene deposits near Westbury-sub-Mendip have yielded flints which show signs of having been worked by man and as such may be artefacts. The flint-bearing layers contain a rich mammalian fauna of Cromerian age, which suggests that the artefacts may mark the earliest record to date (in the period about 400,000-500,000 years ago) of man's presence in Britain. Article in *Nature*, vol 253, 10.1.75. p 9.

Charity Stamp. Britain's first experimental charity postage stamp went on sale at post offices on 22 January. It costs 6p, comprising 4½p for the first-class rate and 1½p donation to charity. Money raised by the sale of the stamp will benefit health and handicap charities. Post Office press notice, 21.1.75.

Social and Cultural Affairs

Census 1971. Great Britain Migration Tables. Part 1 (10 per cent sample). The first part of the 1971 census report on migration in Great Britain, England and Wales, Scotland, the regions and conurbations – it analyses the numbers of people whose usual address one or five years before the date of the 1971 census was different from their usual address at the time of the census. HMSO, £3·15. ISBN 0 11 690429 1.

Census 1971. Scotland Migration Tables. Part 1 (10 per cent sample). HMSO, £3·20. ISBN 0 11 491157 6.

The Registrar General's Annual Estimates of the Population of England and Wales and Local Authority Areas 1973 and 1974. The population of England and Wales increased by an estimated 20,000 (0·04 per cent) from 49,175,000 to 49,195,000 over the year mid-1973 to mid-1974. This increase is the lowest recorded in peacetime since the 1920s when the series of population estimates first started. It compares with the previous year's increase of 137,000 (0·3 per cent) and an annual average increase of 229,000 (0·6 per cent) in the decade 1963-73. The increase of 20,000 is the net result of a national increase (the excess of births over deaths) of 70,000, itself the lowest recorded in peacetime offset by a net outflow of 49,000 emigrants. The declining rate of population growth is a consequence mainly of the steady decrease in the number of births from 867,000 in the year to mid-1965, to 653,000 in the year to mid-1974. HMSO, 44p. ISBN 0 11 690494 1.

Home Office Research Studies:

Social Work in the Environment: a Study of One Aspect of Probation Practice. HMSO, £1·10. ISBN 0 11 340121 3.

Social Work in Prison: an Experiment in the Use of Extended Contact with Offenders. HMSO, £1·45. ISBN 0 11 340122 1.

Impact: Intensive Matched Probation and After-Care Treatment: Design of the Probation Experiment and an Interim Evaluation. HMSO, 59p. ISBN 0 11 340664 9.

Statistics of Education, England and Wales, 1973. Vol 1 Schools. The statistics show increases in the number of children under five attending nursery or primary schools and in the number of middle schools and comprehensive schools; and improvements in the pupil/teacher ratio. HMSO, £3. ISBN 0 11 270342 9.

List of Independent Schools in England and Wales Recognised as Efficient. HMSO, £1·05. ISBN 0 11 270342 9.

The Youth Service in Britain. COI, R5506.

The New Towns of Britain. COI, R4506.

New Towns – Annual Reports of the Welsh Development Corporations for the period ended 31 March 1974. HMSO, 59p. ISBN 0 10 020265 9.

State Aid for Historic Churches. The Government has accepted in principle, following studies and other representations made by the General Synod of the Church of England, that aid should be given to historic churches. The aid involved, which would not extend to cathedrals, is not expected to exceed £1 million at 1973 prices. Department of the Environment press notice, 30.1.75.

National Tree Week. A National Tree Week (9-16 March) has been announced by the Tree Council, set up in 1974 to carry on the impetus of the Plant a Tree Year 1973 campaign. The main activities planned are advice on tree planting and care and maintenance of trees, and the start of a national survey in non-forest areas. The headquarters of the Tree Council is Room C10/13, 2 Marsham Street London SW1P 3EB.

Broadcasting Licence Fees. The Home Secretary announced that the Government has decided that with effect from 1 April the licence fee for television sets will be increased from £7 to £8 for black and white and from £12 to £18 for colour television. *Hansard*, 29.1.75, cols 396-406.

Working Party of the Fourth Television Channel in Wales. The working party to make proposals for the use of the fourth television channel in Wales (see p 495, 1974) was set up during January. Its terms of reference are, 'on the basis of the report of the Crawford Committee on Broadcasting Coverage, to work out arrangements required to provide a fourth television service in Wales, including timing and estimates of cost'. The working party is expected to complete its task in about three months. Home Office press notice, 16.1.75.

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